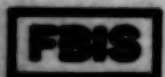


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18 MARCH 1987

# East Europe Report



FOREIGN BROADCAST INFORMATION SERVICE

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18 MARCH 1987

## EAST EUROPE REPORT

### CONTENTS

#### AGRICULTURE

##### POLAND

Improved 'Political Climate' Spurs Agricultural Productivity (Augustyn Wos; POLITYKA, 29 Nov 86) .....	1
Vegetable Exports Earn Hard Currency, Irr Local Consumers (ZYCIE WARSZAWY, 26 Nov 86) .....	7

#### ECONOMY

##### INTRALOC AFFAIRS

Hungarians Take Note of Strougal Speech on 'Reform' (NEPSZABADSAG, 31 Jan 87) .....	9
--	---

##### ALBANIA

Cjzari Reports on 5-Year Plan (ZERI I POPULLIT, 22 Feb 87) .....	11
---	----

##### BULGARIA

1986 Plan Fulfillment Report (RABOTNICHESKO DELO, 30 Jan 86) .....	28
Seminar on Production Links With USSR (TRUD, 13, 14 Jan 87) .....	40
Government Takes Measures on Work Clothes Supplies (TRUD, 10 Feb 87) .....	43

Talks Open With Swedish Businessmen in Sofia (BTA, 3 Feb 87) .....	45
---	----

#### **Briefs**

International Investment Symposium	46
'Industry for Man' Association	46
International Timber TU Meeting	46

#### **GERMAN DEMOCRATIC REPUBLIC**

Currency Dumping Raises Questions, Lowers Exchange Rate (DER SPIEGEL, No 6, 2 Feb 87) .....	48
--	----

Key Technologies Designed To Reduce Industrial By-Products (W. Lausch; TECHNISCHE GEMEINSCHAFT, No 10, Oct 86) .....	52
---	----

#### **Briefs**

Ineffective Safety Measures	56
Premature Deterioration of Housing	56

#### **POLAND**

External Factors in 1986-1990 Socioeconomic Development Viewed (Zbigniew Kamecki; GOSPODARKA PLANOWA, No 7-8, Jul-Aug 86) .....	57
--	----

Dlugosz on Restructuring Foreign Trade in 1986-1990 Plan (Stanislaw Dlugosz; GOSPODARKA PLANOWA, No 10, Oct 86)	66
--	----

Anti-Monopoly Law Debates To Continue in Sejm (RZECZPOSPOLITA, 22 Dec 86) .....	76
--	----

Initial Results of Job Certification Process Reported (RZECZPOSPOLITA, 6-7 Dec 86) .....	77
---	----

Tech Transfer Problems Discussed at Economic Society Meeting (ZYCIE WARSZAWY, 4 Dec 86) .....	79
--	----

Electronics Industry Cooperation With Czechoslovakia (Milan Kubak; RZECZPOSPOLITA, 13-14 Dec 86) .....	81
---	----

#### **POLITICS**

#### **INTRALOC AFFAIRS**

Polish, Bulgarian, Hungarian Claims to Moldavia Cited (Stefan Stefanescu; ERA SOCIALISTA, No 17, 10 Sep 86) ...	82
--	----



## BULGARIA

Defense of Peace Committee Condemns Nevada Test (BTA, 10 Feb 87) .....	89
BCP Control-Auditing Commission Investigations (RABOTNICHESKO DELO, 10 Feb 87) .....	90
Cooperation Agreement Signed With UK Architects (BTA, 29 Jan 87) .....	91
Call for More Job Mobility in Scientific Work (Krasen Stanchev; RABOTNICHESKO DELO, 26 Jan 87) .....	92
Communique on YSP Delegation's Visit to Bulgaria (Aden Domestic Service, 5 Feb 87) .....	95
PDRY Party Delegation Visit Reported (BTA, 5 Feb 87) .....	97
PDRY Ambassador Presents Credentials (BTA, 12 Feb 87) .....	98
World War II Treaty Anniversary Marked (Draconir Dragznov; RABOTNICHESKO DELO, 10 Feb 87) .....	99
Syrian Ba'ath Party Member Holds Talks in Sofia (Damascus Domestic Service, 21 Jan 87) .....	101
BCP CC Greetings to Lebanese CP Congress (RABOTNICHESKO DELO, 5 Feb 87) .....	102
Hu Yaobang Replacement Linked to Demonstrations (Zakhari Zakhariev; TRUD, 21 Jan 87) .....	104
Stanishev Receives Cypriot Youth Delegation (BTA, 26 Jan 87) .....	107
Yotov Responds to Party Daily Survey (Yordan Yotov; TRYBUNA LUDU, 21 Jan 87) .....	108
Ruse, Razgrad Okrugs Sign Cooperation Agreement (Sofia Domestic Service, 12 Feb 87) .....	110
<b>Briefs</b>	
New PLO Representative .....	111
L'HUMANITE Interviews Zhivkov .....	111
PCF's Leroy Makes Statement .....	111
BCP CC Delegation From Lebanon .....	112

Cuban Deputy Culture Minister	112
Swiss Envoy Presents Credentials	112
Netherlands Envoy Presents Credentials	112
Protocol Signed in Harare	113
Protocol With Pakistan	113
Aleksandrov Receives Moroccan Delegation	113

#### **CZECHOSLOVAKIA**

Charter 77 Prospects Assessed (LE MONDE, 8 Jan 87) .....	114
---	-----

#### **HUNGARY**

Background of New Writers' Trade Union Discussed (Gantner; NEPSZAVA, 2 Feb 87) .....	116
---	-----

#### **POLAND**

1975 Political-Administrative Reforms Critiqued (Maciej Sabatowicz; DZIENNIK POLSKI, 13 Aug 86) .....	118
--	-----

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## IMPROVED 'POLITICAL CLIMATE' SPURS AGRICULTURAL PRODUCTIVITY

Warsaw POLITYKA in Polish 29 Nov 86 p 1

[Article by Prof Augustyn Wos, director, Institute of the Economics of Agriculture and the Food Industry, Ministry of Agriculture and Food Economy]

[Text] Agriculture has not had a bad press recently, and rightly so. The year 1986 is the sixth in a row of net agricultural production growth (deciding its contribution to the total national income), and the fourth year of global production growth (determining, to a decisive degree, the availability of food in the marketplace). The skeptics say that this is due to favorable climatic conditions. The realists do not deny this influence, but say that no less important is the political climate, which stimulates personal initiative and diligence. After all, we've had good weather many times before but we were not always able to take good advantage of it.

Therefore, there had to be something more than just good weather for us to achieve a farm production growth of 11.8 percent. This also happened at a time when the flow of investments had declined, when agriculture was not being visibly supplied with industrial means of production, when supplies of artificial fertilizers and pesticides were cut, when there was a drastic reduction in imports of necessary supplies, etc. Nevertheless, farm production is growing, mainly thanks to the greater labor input of the farmers, their commitment and resourcefulness. We should not conclude from this that it will continue to be like this in the future. Lower investments and a reduction in the flow of means of production must in the future bring about a reduction in the growth rate of farm production, with all of the consequences to the market that this carries with it.

The following facts are important:

—The food market is the best functioning market in the country. I am not saying that all is perfect, only that it is better than elsewhere. Aside from meat and meat products the market is balanced or almost so. This can be seen with the naked eye. At the same time, we see that the consumer is adapting himself to a cheaper—although biologically fully acceptable, model of consumption.



We are consistently coming closer to a zero balance of exports and imports of farm-food articles. But the truth is that we have achieved this mainly as a result of a drastic reduction in imports, and to a lesser degree, increase in exports. In particular, the import of producer goods for agriculture and the food industry has been reduced to the absolute minimum, which cannot help but have a negative effect on the development of the food economy in the future.

—Agriculture achieved a basically satisfactory rate of production growth (an average 3.7 percent annually).

—The engineering which pertains to agriculture is not comprehensive, which greatly reduces its effectiveness and also stands in the way of growth of labor productivity. The manufacturing potential of industry has not adapted itself to the needs of agriculture. The low commitment of the nonagricultural sectors of the economy in production for agriculture is an enduring characteristic of the present stage of our development. The new technologies which domestic industry offers to agriculture do not enable us to meet world efficiency standards. We do not have an industry which can offer agriculture and the food economy really up-to-date solutions, so that our food products meet world standards and can be easily exported.

—Apparently we are not able to meet society's need for food as well as agriculture's production figures would seem to indicate. By this I want to say that the amount of rawstuffs and primary food ingredients which our earth produces seems to be sufficient to feed our people adequately. Since public perception contradicts this, there must be reasons why the consumer feels that he is not getting enough.

#### Disparities

The years of good crops made it easier to solve food problems, but at the same time they increased the disparities in the development of the food economy. Most generally, these are the disparities between the production of agricultural rawstuffs and the entire remaining nonagricultural sphere of the food economy, i.e., procurement, storage and warehousing of farm products, transport, and farm-food processing. This phenomenon demonstrates itself in crop failure and has taken on such large dimensions that remarks were being made as to whether there it makes sense to increase production if we are not able to buy it and process it efficiently.

This is felt by those farmers whose production has no buyers; they suffer obvious financial losses. Those consumers who have to pay high (as they see it) prices and know that a large part of the production, e.g., fruits and vegetables, is not procured and processed, also have reason to be unhappy. The food industry tries not to buy more raw materials than it can process, because this increases its costs and causes losses. This position is understandable as long as we are dealing with individual enterprises. The enterprise must control its production costs and avoid everything which could reduce its profits. But the public cannot accept this way of thinking.

Measures must be taken to see that everything that agriculture produces—if it meets quality standards—is procured, processed and delivered to the consumer.



The problem of "crop failures" must be solved outside the enterprise through such planning of development as will coordinate the production of agricultural raw materials with procurement and processing both on the regional scale as well as throughout the entire economy.

For the first time since the war we have product surpluses and they have created many problems unknown to us until now. The difference between the developed countries and Poland in this field is that in those countries the barrier is demand, and in our country it is the underdeveloped technical infrastructure and farm-food processing. Production in the food industry must rise more rapidly than farm-commodity production. Outlays for agriculture's technical infrastructure (including procurement and transport) should grow more rapidly than the flow of means of production for agriculture. And production in the food industry must grow more rapidly than the value of fixed assets used in agriculture and farm production itself.

Actually, none of these disparities thus far have been heeded; a state of severe disproportions arose. It need not be added that they greatly reduce the effectiveness and efficiency of the entire food economy and in addition cause agitation and public frustration due to the losses suffered. We have not yet taken full advantage of all of the possibilities that good crops have created for us. Could we have taken advantage of them? Given our present ability to procure, warehouse, transport and process—no.

There are fields in which the developmental disparities are especially evident. For example, we have achieved a high level of milk production, one of the highest in Europe per capita, but we are not able to solve the problem of how to procure, transport and process it. As a result, the quality of milk and its products is low. We have made great progress in the production of oleaginous plants (rape), but we are not able to convert it into high-quality food and fodder products. We have recently made a lot of progress in the production of grain and we are coming close to solving the grain problem, but we are not able to store and process the grain that we gather. Thanks to the spectacular achievements of our orchards, we are one of the largest producers of apples, but we do not have enough processing capacity to produce high-quality juice so saleable on the world markets.

There are more such structural gaps in the development of the food economy and all of them increase our losses in various areas of the food complex. I am referring here not only to losses of already produced raw materials, but also to lost possibilities. And it is not true that the disparities I am referring to have arisen recently. They are the consequence of growth processes over a long period. They are the product of a rather narrowly and onesidedly perceived strategy of industrialization. They are of a structural nature and arose over the years.

The position that I present here may be criticized as being a "ministerial" approach, one which loses sight of the general proportions of the development of the entire economy. But if I opt in favor of an investment effort to modernize the food economy, I do so with the deep conviction that the effort lies in the interest of the entire national economy. The essence of the problem is really the harmonious development of the whole economy.

## After the Abundant Years, the Lean Ones.

We are now riding the crest of a long production boom in agriculture. This is a very important ingredient in the general economic situation and a deciding factor in the stabilization of the market. But after all, a crop failure can occur at any time...

What are the chances that the favorable production tendencies in agriculture will continue? If the factor of weather is taken into account, no reasonable person will attempt to make a prediction. It is true that there is a theory about weather cycles, which to a definite degree influence crop yields, especially in countries with low-intensive agriculture, but the regularity of these cycles is questionable, at the very least. It can only be shown empirically that after the abundant years come the lean years, but this is a sign of random fluctuations which occur always and everywhere where people try to play with nature.

More important than weather cycles is the belief that nothing will happen in the area of agricultural policy which could weaken these growth tendencies. On the contrary—that they will be supported and enhanced. I do not see a danger at this time that farm policy will be reoriented. In its basic form it appears to have lasting traits and is not simply a declared policy. Nevertheless, cracks and fractures are appearing in the present mechanism of agricultural development and we are observing them with concern.

The first serious symptom of the new situation are perturbations in milk production. Cattle herds, and particularly dairy herds, have been dropping for several months. This has been followed by a decline in milk procurement and production of butter and fats is being affected. There is no unanimous opinion on why this is happening or what can be done to correct it. Is it the collapse of milk procurement prices and its profitability, or is it production factors which are causing the farmers to stop producing milk, since under the present methods it is too hard to produce? If the present problem were simply one of procurement prices, the solution would be fairly easy. I believe that the reasons for the present bad economic situation in the dairy industry are deeper and thus the solution will be harder and much longer in coming.

Hog and meat production has been and continues to be a difficult problem. After a serious breakdown in hog-breeding in 1983 (a 20-percent drop), the slow process of rebuilding began and reached its high point between July 1985 and July 1986. We now see that this growth rate is slowing and, after a delay of several months, it will be reflected in procurement of slaughter hogs and meat production. We are entering a declining phase of the hog-producing cycle; how deep it is will depend on the measures which are taken. Availability of fodder is of decisive importance. The cyclical upward and downward trends in hog and meat production are normal. The problem is that an extreme drop in production must be prevented, because it takes a long time and costs a great deal to come back up from a very deep "bottom" later. Strong measures must be taken to slow down and weaken the downward trends.

Have We Learned?

Can the present growth tendencies be continued, regardless of some fluctuations of a cyclical type which are always possible in agriculture? This question becomes important in the light of past experience. Unfortunately, our latest experience does not supply us with very many glowing examples. If we look back at the past 30 years we can say that we not only experienced random fluctuations, connected with years of good crops and crop failures, but also some characteristic cycles in farm policy. With some simplification we can say that the comprehensive result of orientation in farm policy is an average (long-term) agricultural production growth rate. In the final analysis, all successes and failures are reflected in this. The picture which the indices of the annual farm production growth rate in successive 5-year periods presents, is very interesting and at the same time edifying:

1956-1960	3.0 percent
1961-1965	3.7 percent
1966-1970	1.8 percent
1971-1975	3.3 percent
1976-1980	0.7 percent
1981-1985	3.7 percent
1986-1990	?

It is easy to see that a high growth rate has thus far always been the aftermath of political crises and as a consequence, preferences for agriculture, pro-agricultural orientation of economic policy, larger deliveries of means of production, guarantees for private peasant farming, and strong economic incentives (prices, profits, incomes). That is how it was after October 1956, that is how it was after the political crisis in 1970, and that is how it was at the turn of the 1970's-1980's.

However, the entire structure which can conventionally be called agricultural policy, showed little capacity to learn from experience. The system of economic incentives and sociopolitical guarantees which was put into place, with time and in a seemingly natural manner, "used itself up," and its incentive force diminished. Then it became necessary to prop up the growth tendencies. But in order to do this, as later experience showed, new orientations and gradual revisions to farm policy were needed. If this is not done in time, the economic processes, somewhat by their own inertia, lead to destruction and perturbations, to the loss of balance which had been achieved with such difficulty. In the light of long-term experience, we can formulate the thesis that a change in development strategy is extremely important when "used up" instruments cease to perform their role properly. I believe that this is an important lesson.

The question mark that I inserted for the years 1986-1990 is not to suggest that history will repeat itself. I only want to say that that is how it has been in the past, because generally economic policy has shown little capacity to learn from experience. But it does not have to be this way. Knowing a great deal today about the reasons and nature of previous breakdowns, we are able to take precautions and maintain good economic conditions. The possibilities are there.



A system of lasting sociopolitical guarantees exists and functions in agriculture. Economic reform is being applied and tendencies towards improvement of management efficiency are beginning to appear. However, there are also some dark spots in this picture. I am referring primarily to the inadequate flow of assistance from the outside. I am referring also to the disparities which have arisen between agriculture and the entire nonagricultural sector. These are serious dangers. If they are to be eliminated, our entire economy must develop harmoniously, not just agriculture.

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## VEGETABLE EXPORTS EARN HARD CURRENCY, IRK LOCAL CONSUMERS

Warsaw ZYCIE WARSZAWY in Polish 26 Nov 86 p 1

[Text] Just as Grojec comes to mind when orchards and apples are mentioned, so the areas of Blonia and Ozarowa are regarded as the most important vegetable-growing region in the country.

There is a long history of horticulture here. The soil and the climate are good for vegetable-growing, so it is not surprising that this type of farming is so extensive.

The main organizer of horticulture here is the cooperative, which is now observing its 40th anniversary. The Horticultural Cooperative in Blonia is a national tycoon. One-tenth of all of the vegetables purchased by all of the horticultural cooperatives comes from here. Last year's purchases totaled 75,000 tons. The Blonia cooperative now numbers 3,900 members and over 2,000 farms which contract to grow vegetables on 3,500 hectares.

For years, the growers in Blonia and Ozarowa have supplied almost the entire country with vegetables. There was a time when freight cars loaded with vegetables left here for Silesia, the Coast, and other large urban centers. Trucks from distant voivodships would arrive here to pick up vegetables. But times have changed. Horticulture developed and now fields of carrots, cabbage and lettuce are seen everywhere where there is a market for them. It is becoming more and more difficult to sell vegetables. In Blonia, therefore, vegetables which require greater professional skill are being grown, and the easier and cheaper ones are no longer grown. Blonia onions have been known for a long time, but cauliflower has only recently become a specialty in this area. Today onions and cauliflower are the main export products of this region.

Export has become one way out for the Blonia growers. Last year about 19,000 tons of onions were shipped abroad, one-fifth of all domestic export. This year exports will increase by more than one-third. Every day several trucks arrive at the local warehouses and farms to pick up onions for the Soviet Union, Great Britain, Czechoslovakia and other countries. The Soviet Union is an important buyer of cauliflower. It is also sold to the Scandinavian countries, particularly late in the spring.

This year export of vegetables has increased greatly. The onion crop has been very large. According to the specialists, it is supposed to have the best flavor in Europe. The quality of the vegetables being exported is very important, if only because no one will buy vegetables that are not good. On today's farms we find growers who have a great deal of experience and if not, they have the necessary education. Rarely does one find such well-organized farm-enterprises, and not just in our country. It is these farms which determine exports.

The sale of vegetables through HORTEx is important for the local growers because more is produced than can be eaten in our country alone. Foreign-exchange allowances make it possible to buy seed. Packaging, mainly bags for onions, are also purchased abroad. Foreign-exchange allowances are used to purchase pesticides and farm machinery and equipment.

Export is highly regarded, but the residents of the region supplied by the cooperative in Blonia feel that the local market is more important. The network of cooperative shops at this time is quite small. Fourteen shops for such a large area is not much, but sales locally are the easiest, and in any case, the cheapest way to sell. The local market absorbs only 10 percent of that which is purchased here.

The cooperative needs a processing plant. Thus far all there is here is a small cucumber-pickling plant. Business requires that a plant be built which can process the surplus vegetables which are sometimes hard to sell in their natural state. The growers yearn for a processing plant which, using the latest methods, would produce products for sale domestically and which would also be suitable for export. But the growers cannot afford such an investment. Even the cooperative's profit, which last year was 71 million zlotys, plus voluntary services from the growers, is not enough to begin construction.

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## HUNGARIANS TAKE NOTE OF STROUGAL SPEECH ON 'REFORM'

Budapest NEPSZABADSAG in Hungarian 31 Jan 87 p 4

[MTI: "Strougal on the Difficulties of Realizing Czechoslovakian Economic Reform"; first paragraph is NEPSZABADSAG introduction.]

[Text] The Prague newspapers have published a full account of the views expounded by Prime Minister Lubomir Strougal concerning Czechoslovak economic deficiencies, as well as the issues surrounding the restructuring of the economic mechanism--excerpts of which have already been published in our paper.

At the national assets conference the Czechoslovak prime minister stated that the serious economic problems that have existed for a long time are further multiplying instead of getting better. There are deficiencies in the quality of production, in its profitability, and in its level of material-technical supply. It is time to eliminate the still existing viewpoint which mechanistically views the plan in percentages. He pointed out that quantity is not the primary concern since it is possible to fulfill the targets in percentages while, at the same time, there is no real need for the product. A quarter of the industrial enterprises did not fulfill their gross targets and 27 percent did not complete their modified targets. At the same time a realistic evaluation of the internal and external conditions shows, said Strougal, that the goals of the adopted eighth 5- year plan are not too high.

In speaking of the restructuring of the macro-economic management system the prime minister quoted Gustav Husak, who stated at the time the policy was adopted: the current rebuilding is the most revolutionary change since February 1948. The restructuring not only means a more thorough utilization of the socialist relations of production and, additionally, it will affect not only the economic foundation but also the entire superstructure.

discussion since the mid 1970's. Certain measures were implemented; however, these did not produce a significant behavioral change in the economic sphere and the sphere of influence between the central management and enterprises was not consistently and exactly defined successfully. Consequently, an extremely complicated, administrative, cumbersome distributive mechanism developed which leveled-off enterprise income. The essence of the management system remained untouched. "There is no reason to conceal," said Strougal, "that the

experiences at the end of the 1960's played a role in this, and our present over cautiousness—from a present day vantage point—is a result of these." The low level of knowledge and the dogmatic explanation of a some of the theoretical issues of economic policy also contributed to this. An example of this is the not exactly simple development of the views professed about relationship of commodities and money, as well as, the ascendance of value categories amidst socialist circumstances. The value categories must be accorded the status that they already long-deserved to have in the socialist macroeconomic management system, he said.

Strougal called the restructuring of the economic mechanism a reform and emphasized that Czechoslovakia had already attempted to do this three times. Thirty years have passed since the first attempt.

The prime minister discussed in detail the reasons for the failure of these attempts. He stated: in the 1950's, the ideas pronounced in the third 5-year plan and the measures of the management system came into conflict with each other. The reason for the revocation of the 5-year plan and also the reforms was the low level of knowledge and the uncertainty that something other than the well-tried administrative and economic regulation could be chosen .

Strougal pointed out that there were different reasons for the abrupt stop to the economic reforms launched in the mid 1960's. The original plan of the reform which was adopted by the 13th Party Congress was appropriate to the level of knowledge and the needs at the time. It contained numerous correct and valuable elements which could have been utilized and further developed in practice. However, the original reform plan was deformed—since it was used for entirely different political purposes in 1966. The idea of unregulated market relations and the dissipation of socialist property and the rejection of the principle of systematic planning were predominant in the plan. At the same time the prime minister acknowledged that both attempts indicated an objective need that the adoption intensive development must be gradually started. We have no other choice, he said. The continuance of the present management system and economic mechanism would endanger the realization of the strategic goals with all its own social and international consequences.

The Czechoslovak politician after detailing the guidelines concerning the restructuring of the economic mechanism publicized earlier emphasized the importance of systematic planning, social justice, democratic centralism, as well as the consistent assertion of all the functions of the socialist state and the importance of the role of the marxist-leninist party. He urged long-range, uniform economic conditions, i.e., he cited the necessity of incorporating currency- and credit- as well as financial- and budgetary policy into a unified national economic plan. He said the financial instruments must be actively utilized.

In conclusion the Czechoslovak prime minister emphasized that the restructuring of the guidance system and the economic mechanism could not be an opportunistic or half-way solution. The changes constitute an organic whole. The experiments already started at certain enterprises are proceeding, and by the end of the year the tasks will be cast in concrete terms.

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## GJYZARI REPORTS ON 5-YEAR PLAN

AU260601 Tirana ZERI I POPULLIT in Albanian 22 Feb 87 pp 1-3

["On the Fulfillment of the Tasks of the Seventh 5-Year Plan (1981-1985), the Plan for 1986, the Draft Plan for the Development of the Economy and Culture for the Eighth 5-Year Period (1986-1990), and the Year 1987--Report Presented in the Name of the Council of Ministers by Comrade Niko Gjyzari, Chairman of the State Planning Commission"]

[Text] Comrade Deputies,

The sessions of the People's Assembly have always been notable events in the sociopolitical life of our nation and socialist state. But the present session is of particular importance not only because of the tasks and decrees it will consider and approve, but because it is carrying out its proceedings shortly after the ninth party congress, in the midst of the wave of great labor which has swept over young and old in our country, to realize the historic decisions of this congress.

The great victory won by the Democratic Front in the elections of deputies to the People's Assembly held on 1 February this year has been another expression of the militant and steely unity of our people around the party and its Central Committee with Comrade Ramiz Alia at its head. They were a clear demonstration of the unshakable faith and determination of our people to always advance on the path approved by the ninth party congress, on the glorious road of our socialist revolution which Comrade Enver Hoxha, the architect of socialist Albania, charted and led with farsightedness for more than 4 decades.

The program of the government, presented by Comrade Adil Carcani, chairman of the Council of Ministers, rests entirely upon the general line of the party, and upon the decisions and directives of its ninth congress. It defines the tasks and lays down the measures which must be undertaken by the organs of the state and the economy, under the leadership of the party, to achieve the magnificent objectives anticipated by the Eighth 5-Year Plan for our economic and social development.

Allow me, comrade deputies, in the name of the Council of Ministers, to report to this session of the People's Assembly on the fulfillment of the Seventh 5-Year Plan for the development of the economy and culture between 1981 and 1985, on the draft plan for the development of the economy and culture in the eighth 5-year period (1986-90), on the fulfillment of the plan and budget of 1986, and on the principal tasks of the draft plan and draft state budget for 1987.

#### **I. On the Fulfillment of the Seventh 5-Year Plan for the Development of the Economy and Culture Between 1981 and 1985**

The years of the Seventh 5-Year Plan were years of determined and self-sacrificing labor, with a lofty spirit of mobilization among working people in town and countryside, with communists in the van, to further push forward the construction of socialism, relying entirely upon our own resources. The achievements of this 5-year period and the experience gained during the implementation of the plan provide a great education which should enable us to think and work with a high sense of responsibility, with revolutionary courage, and a lofty spirit of sacrifice.

During the Seventh 5-Year Plan, the socioeconomic development of the nation on the road of socialism recorded fresh steps forward and the basic objectives approved by the eighth party congress were in general achieved. Through our own human, material, financial, and currency resources, without any kind of help or credit from abroad, broad socialist production was ensured, the prosperity of the people was guaranteed and increased, and the defense of the homeland was consolidated. Our economy strengthened its distinguishing characteristics as a dynamic economy, developing at a relatively high rate, a stable economy that knows no crises, inflation, unemployment, rising prices, and increasing cost of living. In the 5 years taken together, in comparison with the sixth 5-year period, the general social product increased by approximately 19 percent, financial income by 17 percent, and the export of goods by about 29 percent. During the seventh 5-year period, more than 21 billion leks were invested, or approximately as much as in the second, third and fourth 5-year periods taken together, and with the help of which more than 300 important production and sociocultural projects were built and inaugurated.

In accordance with the party's economic policy, industry led the way in the development of all branches of the economy in the seventh 5-year period. About 45 percent of basic investments were used to continue the socialist industrialization of the nation. Important subterranean resources were to a large degree brought into economic use during the last 5-year period. Various minerals and fuels, extracted and processed, amounted to about 34 million tons. The general industrial product, in comparison with the sixth 5-year period, rose by 27 percent. Gas production achieved a large increase of 38 percent, coal 48 percent, and electrical energy 46 percent. The production of ferro-nickel ore and copper wires and cables doubled. The engineering industry met domestic requirements for spare parts better, and increased its production of machinery and equipment by 54 percent. In harmony with the development of heavy industry, there were also developments in light industry and the food industry, which increased their production of consumer goods for the people by 19 percent.

During the Seventh 5-Year Plan, despite difficult weather conditions for 3 successive years, agriculture progressed and on the whole fulfilled its basic tasks. For the 5 years taken together, general agricultural production increased by about 13 percent. In comparison with the sixth 5-year period, 286,000 more tons of grain were produced, 17,000 more tons of cotton, 163,000 more tons of sugar beet, 46,000 more tons of sunflowers, 15,000 more tons of tobacco, 263,000 more tons of vegetables, 44,000 more tons of meat, 251 million more eggs, etc. The general trend in the development of agriculture has been toward the growth and reliability of yields in arable crops.

Important steps were taken in implementing the directives of the eighth party congress on the priority intensification of the coastal plain region of the country, to the extent of more than 100,000 hectares of cultivable land. More than 1 billion and 400 million leks were invested in this region, and in 1985 more than 46 quintals of wheat per hectare were obtained, alongside 18 quintals of cotton, 19 quintals of sunflowers per hectare, etc.

Transport undertook fresh developments, as did the turnover of goods and the social-cultural and service sectors. In 1985, in comparison with 1980, sales to the people rose as follows: fats by 24 percent; eggs, 46 percent; vegetables, 17 percent; sugar, 15 percent; knitwear, 29 percent; stockings, 19 percent; furniture and household goods by 36 percent, etc. More than 200,000 active young people entered employment. The supply of housing rose faster than the population. In building and opening new schools, the increasing number of pupils and students at every level of our education system was borne in mind. The funds for consumption increased faster than the population. The negative effects of rising prices on the world market and of unexpectedly unfavorable natural conditions were shouldered by the state, and exerted no influence on the retail price of consumer goods.

In accordance with the directives laid down by the eighth party congress, work was done in the last 5-year period to refine certain aspects of production relations, thus influencing the further development of productive forces.

But, as the ninth party congress made clear, the achievements of the Seventh 5-Year Plan would have been greater if the organs of the state and the economy, from the Council of Ministers down to the base, had remedied certain shortcomings and weaknesses in time, especially in the organization and management of work, and if work had always been carried out in a spirit of mass action to confront various internal objective difficulties, and the negative influences of the economic crisis in the world around us. On the other hand, during this 5-year period, the people with the party at their head were obliged to confront successfully the consequences of the hostile activity of the multiple agent Mehmet Shehu and his group, as well as the prolonged drought and the exceptional rainfall.

The influence of these negative factors, singly or together, has been reflected in the pace of development of socialist production as a whole, but this influence was stronger in certain particular branches of the economy, such as oil and some agricultural and livestock products, in foreign trade and in



state revenue, in which the tasks of the plan were not fully realized. As a result, there was some temporary distortion in the development of the economy, and some difficulties in supplying the market with consumer goods.

The achievements of the Seventh 5-Year Plan, achieved through a harsh class struggle and through labor, perseverance, and constant efforts to apply consistently the principle of relying upon our own resources, therefore assume a new meaning and significance. These years demonstrated more strongly the correctness of the general line of the party and of the teachings of Comrade Kaver Naxha in regard to the creation of a complex multi-branched structure in the economy; these years saw us apply consistently the great principles of our independent economy, of consuming only as much as we produce, spending only as much as we earn, importing only as much as we export, always increasing our reserves and always raising the standard of living of the working people in town and countryside. As the ninth party congress stressed, "The achievements attained during the Seventh 5-Year Plan, without any help or any credits from abroad and under the conditions of the general crisis of the imperialist-revisionist world and its influences upon our country, are victories of particular importance. In this period, our experience in dynamic and independent economic and social development was enriched." All these things are a guarantee enabling us to shoulder even greater tasks, factors enabling us to bring to life the magnificent goals approved by the historic ninth congress of our glorious AMP.

## II. On the Draft Plan for the Development of the Economy and Culture in the Eighth 5-Year Period (1986-1990)

With the objectives anticipated in the draft plan for the development of the economy and culture for the eighth 5-year period (1986-90), our country takes a great and important step forward on the road of socialist construction, the increase of the prosperity of the republic, and the further growth of the prestige of our homeland. As in every 5-year plan, the party's long-term strategy for the uninterrupted construction and progress of socialist society finds expression in the new plan too. This strategy relies upon the creative revolutionary labor of the working class, the cooperativist peasantry, and the people's intelligentsia, upon the national wealth that is created, on a firmer material-technical base, on greater capacities for production and accumulation, on a solid and advanced economic structure, and on our scientific and organizational resources.

The primary characteristics of the Eighth 5-Year Plan, which stem from its basic tasks, are as follows: total reliance upon our material, financial, and currency resources, without any help or credit from abroad in achieving our objectives; the maintenance of the necessary impetus to increase per capita consumption and to ensure the necessary accumulation for the renewal of socialist resources; the further consolidation and improvement of the



multi-branched economic structure, continuing to give priority to industry and agriculture; a reliance in the main upon the material-technical base that has been created through the realization of earlier goals, so that about 74 percent of the increase in industrial production will be achieved through a more intensive use of existing production capacity and through rebuilding and expansion, and so that in agriculture more than 95 percent of the increase in arable crops will be achieved through improved yields; raising the efficiency of the economy to a higher level; further perfecting socialist relations in production, in accordance with the development of production forces in the field of property, distribution, exchange, and the management and organization of the economy; the guarantee and further increase of the material prosperity and cultural level of the working masses, especially in the countryside; the consolidation of the defense capability of the homeland.

These characteristics, reflected in the goals of the draft plan for the eighth 5-year period, form a great program of struggle and labor for the economic and social development of the nation, for consolidating the stability of our socialist economy, and increasing the degree of its independence and autonomous activity.

In the draft plan for the eighth 5-year period, the Council of Ministers has more broadly and deeply reflected the demands of the objective economic laws of socialism, has further improved the relative proportions of the development of various spheres and branches of the economy and the different districts of the country in accordance with new conditions, and has preserved the advantages that stem from broad socialist production. The new 5-year period will see priority given to increasing the national income in comparison with the social product, production as against consumption, labor productivity as against real incomes, production for society as against production for the individual, the supply of consumer goods as against purchasing power, and exports compared with imports.

In the year 1990, in comparison with 1985, the social product is anticipated to increase by 31-33 percent, national income by 35-37 percent, general financial state revenue by 37-39 percent, the social productivity of labor by 11-13 percent and real per capita incomes by 7-9 percent. These rates, which on average over the 5-year period represent 5-7 percent a year, are 2-3 times greater than the population increase. As was stressed at the Ninth AMF Congress, "The achievement of these levels of socialist production will strengthen the stability of the economy and increase the abilities of society to meet even greater and more difficult tasks in the future."

In the eighth 5-year period too, the development of industry at a fast pace remains a primary task, because this is the main link in the chain permitting the construction of the material-technical base for socialism. Industry, as the ninth party congress instructed, must place itself better in the service of agriculture, and fulfill better the needs of the people, and will expand the export capacity of the country. In 1990, industrial production will be 29-31 percent higher than in 1985. Production equipment will account for 31-33 percent and consumer goods 25-27 percent of this increase.

In giving priority to the development of heavy industry, particular care will be devoted to the development and further consolidation of the energy sector. Within this sector, a key area of the economy, priority will be given to the oil and gas industries, because of the chief place they hold in the energy balance, as versatile and very profitable resources, and because of their decisive role in the development of the whole economy today and in the future, in accordance with the directives of the Ninth AMP Congress. In 1990, in comparison with 1985, oil extraction will increase by 33-35 percent, while the extraction of natural gas and its byproducts will increase 2.6 times. Production in the coal-mining and electrical energy industries will also rise fast. It is anticipated that during this 5-year period the production of electrical energy will increase by 80 percent, or more than 2.5 times compared with the increase in general industrial production; coal production will increase by 42-44 percent.

Particular care during this 5-year period will be devoted to the development and expansion of the mineral extraction and processing industry. The Council of Ministers has taken all the measures to apply the guidelines laid down by the Ninth AMP Congress, at which it was stressed that the transformation of renewable and nonrenewable natural resources into active wealth was an essential problem, upon whose correct solution much of the increase in the productive capacity of our society depended, and that it was better to leave this natural wealth to future generations in the form of factories, plants, and industrial combines, as production tools, and as a functioning resource, than simply as a potential resource in the lap of nature. Therefore measures have been taken to increase the potential industrial capacity of mines during the 5-year period by about 90 million tons, and to permit the extraction of 45 million tons of minerals and various fuels.

Chrome, copper and ferro-nickel will take first place where the prospecting and extraction of minerals are concerned, and at the same time work will be intensified on the extraction of new minerals, such as magnesites, olivinites, refractory clays, fluor, bauxites, etc. Geologists and mines will therefore concentrate on the identification and extraction of chrome, ferro-chrome, and rich copper, increasing the export earnings of this important sector of the economy. In 1990, compared with 1985, chrome extraction will increase by 36 percent, that of copper by 42 percent, and ferro-nickel by 29 percent; the enrichment of chrome ore will increase by 79 percent, and the production of chrome concentrate will double. Giving pride of place to nonrenewable resources, which are exploited as an important qualitative leap in the development of productive forces, presents major tasks to the processing industry, increasing the value of the processed product as against the ore, with the aim of completing the production cycle in the ferrous and nonferrous metal industries.

During the eighth 5-year period, it is anticipated that structural improvements will be made in the ferrous and nonferrous metal industries, with the aim of meeting ever more fully the needs of the economy for steels and metals, increasing currency earnings, and reducing imports. In 1990, compared with

1985, the production of sheet steels will increase by 30-32 percent, of blister copper by 34 percent, and copper wire by 28 percent; production in the engineering industry will rise by 23 percent and in the chemical industry by 40 percent, etc.

In accordance with party directives, light industry and the food industry will form two sectors for priority development. In this 5-year period, these two branches of industry will increase their productive capacity, constructing and expanding more than 90 plants, factories, and production lines. Major tasks have been set forth to exploit raw materials and industrial waste products more efficiently, to meet better the needs of the people for products from these industries, and for small consumer items. In 1990, compared with 1985, production in light industry and in the food industry will be 30-32 percent greater.

In implementing the party's economic policy of having a strong and independent economy and advanced agriculture, the Council of Ministers has enacted measures to permit faster development in agriculture than in other branches of the economy in the new 5-year plan. Agricultural production during the eighth 5-year period, compared with the previous 5 years, will increase by 35-37 percent, at an average annual rate of 6.4 percent.

During this 5-year period, intensive ways of developing agriculture will be harmonized better with extensive methods, with priority being given to the intensive. Through the complex and harmonious intensification of all branches of agriculture, and expanding the priority zone of intensification to other lowland areas of the country too, the aim is to consolidate and further promote our achievements hitherto. We are directly developing agriculture in this way, because the food of the people depends upon this branch, as do the necessary raw materials for light industry and the food industry. Agriculture is the basis of the life of the peasantry, a source of major accumulation and considerable exports. Our society has the opportunity of raising agriculture and livestock raising to advanced levels.

In further improving the structure of branches of agriculture, increasing the production of cereal crops, which the party considers one of the mainstays of economic independence, again remains the main task. Increased grain production will be achieved principally through higher yields, especially in corn, which in 1990 will be 20 quintals per hectare higher than in 1985.

Production will increase at a fast rate in cotton, sunflowers, and sugar beet, primarily through improved yields. In 1990, compared with 1985, tobacco production will be 92 percent higher, mainly as a result of extending the area under cultivation.

An important turning point is anticipated in increasing the production in vegetables, potatoes, and beans, through higher yields. The supply of potatoes and beans to the cooperativist peasantry will be improved significantly by second crops to be sown by brigades in cooperatives and agricultural enterprises.



The Council of Ministers has taken steps to implement the directive of the ninth party congress which assigns the most significant increase in agriculture to the livestock sector, with the aim of gradually overcoming the still low contribution of this branch to agricultural production, and of exploiting better the reserves still latent in the agricultural economy. Maintaining such a rate in livestock raising is indicated by the need to increase consumption norms per head of population, improving the diet in favor of animal products, and giving a fresh and powerful impetus to the intensification of agricultural production as a whole, and increasing the efficiency of livestock raising in particular.

The task set by the ninth party congress for the priority development of livestock raising, Comrade Ramiz Alia stressed in his speech at the National Livestock Conference, is a major and brave one. The dynamic growth of livestock herds must be faced up to by every branch of management and production, with refined organization and strong discipline. In conformity with these guidelines, a basic feature of the development of livestock raising will be a speedy increase in the number of head and higher yields in every kind of herd in all areas of the country, given priority to the increase in small livestock in hilly and mountainous areas of the country. On the basis of the tasks set by the National Livestock Conference measures are being undertaken by organs of the state and the economy to surpass the targets of the 5-year plan for increasing the number of head of livestock. To achieve this turning point in livestock raising, the Council of Ministers will ask the Ministry of Agriculture and the executive committees of the District People's Councils to undertake fuller measures to strengthen the fodder supply, to improve the economic and organizational basis of cooperatives specializing in livestock, and to develop and further consolidate the initiative for the creation and maintenance of small herds of cows and other livestock by brigades in arable, fruit and vegetable, and fodder crop cooperatives, and in agricultural enterprises.

Fruit-growing too will be further developed in this 5-year period. In comparison with the last 5 years, fruit production will rise by 32 percent, with an increase of 44 percent for grapes and 42 percent for citrus fruits. The solution of problems related to olive-growing through mass actions will give an important impetus to all the work on the development of this crop, with the aim of doubling its production within the next 5 years.

Achieving these goals in agriculture relies on the relevant material base, on investments, advanced technology, more fertilizer, more irrigated land, etc.

The entire economic-social development of the nation during the eighth 5-year period relies on investment and fundamental construction. On the basis of the directives of the Ninth AMP Congress, the volume of investments will reach 240 billion and 450 million leks. The greater part of this investment will go to the sphere of production as a basis for the development of industry and agriculture, and to other sectors of material production. The aim is, by using the planned funds efficiently, to obtain greater production capacity with advanced techniques and technology, and through performing deeper research and scientific work.



The turnover of goods in foreign trade in particular will develop at a fast and stable rate. Exports will increase at an average annual rate of 7.8 percent, also recording improvements in their structure, where the principal places will be taken by energy, chrome, and tobacco. The Council of Ministers will take steps to increase exports constantly, to increase efficiency in foreign trade, and to make the maximum savings on imports.

Transport, the retail sector, communal services, culture, health, and science, will all grow significantly and undergo comprehensive development during the next 5 years. They will become a powerful resource in the service of the people, for the development of branches of the sphere of material production, and for the growing needs of the life of the people.

In order to fulfill successfully the tasks of the 5-year period, the entire technical-scientific resources of the country will be placed more in the service of the development of the economy and the solution of its problems. This demands a brisker pace in studies and projects and their application.

The tasks of the eighth 5-year period anticipate securing and increasing the material well-being and cultural level of the working masses. To permit this, real per capita incomes by 1990, in comparison with 1985, will rise in the towns by 5.8 percent and in the countryside by 12.7 percent. This increase will be achieved through the employment of the active members of the population, the increase of the average wage in the cities and the wage paid per worker in the countryside, an increase in the funds for social consumption, and the stability of retail prices. Relying upon the purchasing power of the people, it is anticipated that by 1990, in comparison with 1985, there will be an increase of 25 percent in the per capita consumption of main food and industrial articles. Eighty-five thousand apartments and dwelling houses will be built in towns and in the countryside during the 5-year period. Also all villages and centers of habitation will be supplied with drinking water by 1990; the Council of Ministers has undertaken all the necessary measures for this.

This vigorous development of production forces will also be supported by the necessary financial resources. The general financial revenue of the state during the eighth 5-year period will increase at an average annual rate of 6.8 percent. To reach this goal, alongside efforts to fulfill the tasks of the plan on all fronts, in all its targets both in quantity and quality, and by every unit and link of the economy, steps will be taken to increase the efficiency and profitability of production. Starting from the motto that we must exercise saving everywhere and in everything, the aim will be to use reserves to reduce production costs, to fully exploit production capacities and the material-technical base, and to strengthen the administration of socialist property. Financial means and economic mechanisms will be used more efficiently to fulfill production targets and increase financial resources.

In the field of socialist relations in production, important measures will be implemented to strengthen socialist, state, and cooperative property, through strengthening the material and technical base and administering it better and more efficiently. There will also be measures to perfect distribution systems, especially for products for personal consumption, tying this question more closely to quantity and quality of work and with production costs; there will be measures to refine barter relations, especially by strengthening economic ties between town and countryside, and to improve the standard of the planned management of the economy, tightening every form of control and increasing economic efficiency.

The successful execution of the tasks of the Eighth 5-Year Plan will be a major step forward in the transformation of our socialist Albania into an industrial-agricultural country, marking a more advanced stage in the construction of the material-technical base of socialism. In the report of the Central Committee to the Ninth AWP Congress, it was underlined that our sure approach to this strategic goal will inspire our working class, our working peasantry, our intelligentsia, and all our people, so that, under the leadership of the party, they will further push forward the construction of socialism, will increase the prosperity of the nation, and raise higher the prestige of our dear homeland.

The principal directions upon which the attention of state and economic organs must concentrate, in order to attain the goals included in the Eighth 5-Year Plan, are laid down clearly and concretely in the proceedings of the ninth party congress. The Council of Ministers is undertaking all the measures to enable its dependent organs to further refine their working methods and styles, so that their management and organization will be more concrete and effective, to respond better to the important tasks set by the ninth party congress.

### III. On the Fulfillment of the 1986 Plan, and on the Principal Tasks of the Draft Plan and Draft State Budget for 1987

Comrade deputies, during the past year, the first of the 5-year period, the working masses in town and country, swept up by the revolutionary atmosphere aroused by the ninth party congress and the 45th anniversary of the founding of the party, raised their mobilization and militant spirit to even loftier heights for the best possible achievements in every field.

The tasks anticipated by the 1986 plan were fulfilled better than in any other year by many branches and sectors of the economy. A feature of fulfilling the tasks of the 1986 plan was the method of mass action. The peasantry took the initiative for brigades in cooperatives with arable land to keep livestock, and to sow a second crop of potatoes and beans, thereby increasing production and improving supplies for the peasantry themselves. Through a mass action of our heroic young people, the first train was sent early to the town of Rubik. The working people in agriculture, and other workers assisting them in mass actions completed the harvesting and gathering of corn in a very short

time and without crop damage, and fulfilling the planned production targets. Iron and steel workers, and engineering and chemical workers, brought forward their targets for increased production, using domestic materials on a larger scale instead of imports. Working people in many districts of the country made a reality of their pledges to increase the state budget revenue by more than the plan.

All-round economic targets were fulfilled better than in any year of the Seventh 5-Year Plan. The year 1986 was an important step in consolidating the necessary coordination in socialist production and in reaching the principal targets in the development of the economy. The general social product was 5.1 percent higher in 1986 than in 1985, while national income and currency income rose at a faster rate than the social product.

Through the better exploitation of existing production capacity, and of new enterprises which were inaugurated, general industrial production rose by 6.4 percent last year in comparison with 1985, and the anticipated targets were met and surpassed in many important products. Better measures were instituted in particular to increase the production of consumer goods and in mechanical engineering, where the range of new products was expanded, and more domestic steels were used instead of imports.

In agriculture, as a result of the lofty spirit of mobilization and of mass actions, and the application of a higher standard of agricultural mechanization, the general agricultural product rose by 4 percent in 1986 compared with 1985, and planned targets were met in corn, cotton, and soya. Although planned targets were not met in some agricultural and animal products such as grains, tobacco, potatoes, beans, vegetables, milk, eggs, etc., production was higher than in the previous year.

During last year many important production or sociocultural centers were built and opened, including the second turbine of the "Enver Hoxha" Hydroelectric Power Station at Koman, the Koman-Elbasan high tension power line, and the sulphate works, while some chrome and copper mines were expanded, and some production lines and divisions were opened for the processing of fruit and other agricultural and dairy products. Using the method of mass action better than ever before, 16,000 hectares were irrigated either for the first time or to an improved standard before the season closed. Many sociocultural buildings were constructed, such as the Palace of Congresses, schools, hospitals, apartment blocks, etc.

Successes were also achieved in other branches of the economy and culture. Freight transport increased by 3 percent in 1986 in comparison with 1985, with priority being given to an increase in rail freight.

Relying upon realized national income, and broad levels of consumption, the living standards of the people were maintained and further improved. The turnover in goods roughly fulfilled the plan, with an increase of 6 percent as against 1985, and the needs of the people for consumer goods, services, repairs, etc., were fulfilled better in quantity, variety, and quality. Achievements were also recorded in the development of education, culture, science, and health.



On the basis of the realization of the tasks of the economic plan with the help of financial resources, which increased by 5.3 percent compared with 1985, all the requirements for financing the development of the economy, culture, and the defense of the nation were met. The organs of finance, the bank, and the plan, by tightening control through means of the lek, further increased their influence upon the pace of production and distribution, upon investment in basic construction, etc., and upon eliminating failures and shortcomings noticed in individual enterprises and sectors of the economy.

Relying on the directives of the ninth party congress for the Eighth 5-Year Plan, and upon the successes of 1986, the Council of Ministers has drawn up the draft plan and draft state budget for 1987. The realization of its tasks will be decisive for the attainment of all the objectives of the eighth 5-year period. This year's draft plan and draft budget are distinguished by the following features:

First, the main objectives of the draft plan are characterized by rates of development above those anticipated in the 5-year period as a whole and higher than those achieved last year. In particular, high rates are laid down for the growth of agricultural production, especially in increased production from the livestock sector, in increasing the volume of exports, in the production of some industrial goods, in financial income, etc. In determining these rates, the need to compensate for part of the shortfalls created during last year has also been borne in mind.

Second, the coordination between different dimensions of socialist production and factors of economic development has been further improved. The increase in industrial production will be 78 percent obtained from existing production capacities, through rebuilding and expansion. More than 98 percent of the increase in agricultural production will also come from higher yields. In comparison with 1986, the production of the means of production will increase by 7.1 percent compared with the 6.2 percent rise planned for consumer goods. The accumulation fund will grow by 18 percent compared with 6 percent for the consumption fund. The product for society will rise twice as fast as the product for individuals.

Third, the year 1987 will see the introduction of several measures in the field of the improvement of production relations, which will better pave the way for the development of production forces, for encouraging creative and innovative thinking on ways to boost output, uncovering and exploiting internal reserves, and further increasing the efficiency of the social product. To this end, the Council of Ministers, implementing particular decisions of the AWP Central Committee Politburo, is laying out concrete tasks in further tightening state control, improving the organizational structures of central and district state organs, further refining some economic-financial instruments in agriculture, increasing the role played by material stimuli and harmonizing them better with moral stimuli, improving the responsibility of state and economic organs for plan targets in agriculture, etc.



Fourth, construction is to start on several important projects of the 5-year period, such as the hydroelectric complex at Banje, the new urea plant at Fier, the Klos viaduct, the expansion of the spinning works at Berat, the Vlore brewery, some chrome and copper mines, reservoirs in Panahor in Fier District, Metalle in Durres District, Boville in Tirana District, etc. The "Enver Hoxha" Hydroelectric Station at Koman will also enter full service this year, as will the lubricating oils plant, the plant doubling output of phosphate fertilizers, the nickel-cobalt plant, and many factories, departments, and production lines in light industry and food-processing.

Fifth, to fulfill the tasks of 1987 several national mass actions, directed by the Council of Ministers, have begun such as those for supplying drinking water to every village in the country, increasing the number of sheep and goats, gathering and processing organic fertilizer, doubling olive production, improving the supplying of the people with milk, eggs, meat, and fish, speeding up the harvesting and drying of corn, completing the Banje hydroelectric and irrigation project ahead of schedule, etc. In addition some specific mass actions have been started under the direction of ministries, such as those to exploit production capacity, to produce small consumer items from industrial waste products, to construct and inaugurate irrigation projects before the season is over, to exploit internal reserves better in increasing incomes, to strengthen the savings campaign, etc. All these mass actions will help achieve the targets of 1987, and fulfill them ahead of schedule.

The main goals of the draft plan are the faster development of industry and agriculture through a fuller exploitation of production capacities and through the concentration of investments primarily upon production projects. In accordance with these aims, the draft plan presented for 1987 anticipates that the general social product will grow by 10.1 percent in comparison with 1986, while the national income will grow by 11.5 percent.

In industry, priority will continue to be given to the fast growth of energy production and the introduction into the economy of a large proportion of the nation's natural resources, as well as the increased production of consumer goods. The general volume of industrial production will rise by 7.4 percent, while even greater increases are foreseen for some subdivisions of the extraction and processing industries. The production of articles for general consumption, particularly small and very small ones, will also experience new developments.

Along with stabilizing the production of arable crops, agriculture will aim at a turning point in the livestock sector through a further increase in the productivity and numbers of livestock, spreading advanced experience better and more widely, and using the material-technical base more efficiently. A significant increase in the general agricultural product is anticipated in 1987 in comparison with 1986. The livestock sector will experience the largest part of this increase, in applying the directives laid down by the National Livestock Conference and the very important instructions given by Comrade Ramiz Alia at that conference.

The fulfillment of tasks in agriculture, especially in grains, and the realization of the turning point in the development of the livestock sector demands advanced experience and a high spirit of mobilization. It demands that the good work done in applying agricultural technology to corn and cotton be applied to the uses of potatoes, vegetables, tobacco, and sunflowers, and especially to the fodder supply for livestock. The Council of Ministers will support measures from the Ministry of Agriculture and the executive committees of the People's Councils of the Districts to further expand the area sown with stalked corn and to increase production of silage from corn. Everywhere the cycle of field-to-barn-to-cowshed should be adopted with cow fodder, as a vitally important way of fulfilling the milk production plan. State and economic systems must rely more on initiatives to consolidate and expand small herds and flocks at brigade level, and for brigades to plant second crops of vegetable, potatoes, and beans, with the aim of enabling every village to cover the needs of its own inhabitants. We are faced with the task of achieving the figure of 10,000 cows in small herds among field brigades in agricultural cooperatives, and 7,000 among brigades in agricultural enterprises, thus taking an important step toward the better supply of these brigades with milk.

It is anticipated that the volume of investments to promote the development of the economy and culture in 1987 will rise by 6.7 percent in comparison with 1986. Many important projects in the energy sector, in the timber industry, in light industry and the food industry, are expected to be inaugurated this year. Irrigation projects are expected to water another 7,000 hectares of land this year, and work will be intensified on the Milot-Rreshen-Klos railroad, in apartment construction, culture, health, etc.

The volume of freight carried by the three modes of transportation is expected to rise by 7 percent, with important measures being undertaken to avoid bottlenecks and unreasonable journeys. Foreign trade will increase at a fast rate during 1987, and will rise by 33 percent in comparison with 1986. To this end, along with the priority being given to the fulfillment of export tasks, further measures will be taken everywhere to enforce the savings regime, with strict limits on quotas of raw materials, and increasing the effectiveness of productive investment and of expenditure in the nonproductive sphere.

Cash retail turnover will increase by 6.6 percent in 1987 in comparison with 1986, and the volume of repairs and contracted services for the people will rise by 8.5 percent. A faster development is anticipated in education, culture, science and health.

The draft state budget has also been drawn up on the basis of the development of the branches of the economy and culture, of the growth in financial resources and the measures which are anticipated in the implementation of a strict savings regime. The income of the state budget for 1987 is expected to rise by 9.4 percent in comparison with 1986, while expenditure will be 8.1 percent greater. Some 54.6 percent of state budget expenditure will be devoted to financing and developing the economy. Some 28.8 percent will be dedicated to sociocultural purposes, and 11.3 percent to the defense of the homeland.

The fulfillment of tasks in the field of finance presents all the organs of the state and economy at all levels, and the financial organs, banks, and planning organs in particular, with the duty of increasing their influence through the further consolidation of their ties with problems of production, distribution, and consumption, and with the need to exercise stricter control by means of the lek over all phases of the process of social production.

These, in summarized form, are the tasks anticipated by the draft plan and the draft state budget for 1987.

Comrade deputies, our working people have begun the great battle for the fulfillment of the plan of the second year of the 5-year period during a new revolutionary upswing of the working class and the other working masses, at a time when the tasks ahead are also great. This makes it even more imperative that we keep strongly in mind the great revolutionary principle of relying on our own resources, which must be applied consistently in every area of socialist construction.

The main element which we must grasp to push forward our work in the economy and in other areas of social activity is the elevation of our organization and management to a new higher level, so that the methods and styles of work of the organs of the state and the economy will correspond ever more closely to the impetus and mobilization of the working masses.

The major tasks which lie ahead of us in meeting the targets of 1987 demand, among other things, that the work methods of all the links in the organs of the state and the economy be as concrete as possible, at all times and everywhere. "Today," as Comrade Ramiz Alia has said, "concrete and effective leadership of labor is demanded of every link in the managing bodies, from the base to the center. Vague leadership, management by orders and notes, the mechanical transmission of instructions and party directives, cannot bring good results."

To this end, attention must be concentrated upon work to learn, analyze, and apply party decisions and directives. This is vital for the best possible organization and performance of duties by every unit, in every district, and by every branch of the economy. It is a question of directly facing up to directives and analyzing them concretely, of acting swiftly and practically to solve problems, with the purpose of refusing to allow unclear situations or lack of responsibility in the fulfillment of duties in any sector, or as regards any aspect of the plan.

Strengthening the management of the economy demands an improvement in the work of the organs of the state and the economy, and on the part of every cadre, so that they work with initiative and hold total responsibility for fulfillment of tasks within the authority allotted to them. The apparatuses of the state and the economy will be answerable, and will render a better account of their activity, both before elected bodies, and before the masses, and will always maintain their revolutionary spirit untarnished. They will combat liberal, bureaucratic and technocratic symptoms which fossilize them and cut them off from the masses, and which are themselves dangerous, lest they infiltrate the masses.



The Council of Ministers will have at the center of its attention the struggle to keep apparatuses simple, responsive, and efficient, so that they will work as useful instruments of our state of the dictatorship of the proletariat, combatting tendencies to become overblown, and to create unnecessary subdivisions, combating negligence in the performance of duties and in socialist legality, and combatting the replacement of lively work with people with notepads.

Let the method of mass action characterize all the work of the organs of the state and the economy, at the center and at the grassroots. The Council of Ministers will powerfully support the mass actions and initiatives of the working masses, will encourage them and demand that they be stimulated far more than hitherto, especially on the part of the central administration. To bring to life the decisions of the ninth party congress, the Council of Ministers has organized and begun work to introduce some important national mass actions, under its own direction and that of the appropriate ministries.

The performance of the tasks laid down in the 1987 plan demands the further tightening of state and specialized economic control. Work will be done to stimulate internal control and self-discipline everywhere, so that control becomes systematic and effective, and extends to every target of the plan. The Council of Ministers has laid down directives in order to obtain faster and fuller information, as well as the proper documentation which accompanies every movement of goods and materials.

The ninth party congress laid down the duty to struggle everywhere for a constant tightening of the savings regime. Experience has convinced us that, after the drafting of the plan, the most decisive factor is the struggle for total fulfillment of the tasks of the plan in quantity, quality, and in all their technical, economic and financial targets.

To this end the plan lays down a range of measures, and during the process of its realization care will be taken to see that these measures are further promoted to save materials and reduce production costs, all tied to an improvement in efficiency throughout the economy. Along with this, work will be undertaken to exploit technological waste products more fully, to reduce shortfalls and shortages, and to make construction cheaper. The financial and planning organs will commit themselves more practically to the elimination of enterprises and activities carried out at a loss, the irrational use of transport, and will commit themselves positively to the good administration of property.

Particular attention will be paid to supplying the people with consumer goods, and particularly with meat and dairy products. Steps are being taken to boost the production of small and very small items, not only by the specialized enterprises, but by others, to implement the directive of the ninth party congress, which stipulates that many enterprises should form special workshops to produce such goods from the waste products of industry. To this end, the Council of Ministers is taking the necessary steps and will demand that they are carried out everywhere with a high degree of responsibility.



Concrete measures have been set forth, and will be implemented, to improve the fodder supply for livestock, and to encourage increased productivity in the livestock sector. Particular care will be shown for the consolidation and expansion of small herds, as well as for the sowing of potatoes and beans by brigades for their own consumption, so that the goals laid down by the ninth party congress will be attained as soon as possible. Concrete tasks have been set before the Ministry of Agriculture and the executive committees of the district people's councils, who will be asked to ensure the better supplying of the market with vegetables, both as regards variety and length of season.

Comrades, the Council of Ministers assures the People's Assembly that it will exert all its strength to support, with organizational and material-technical measures, the analysis and implementation of the plan for 1987 and for the entire 5-year period. It will increase its control and demands for accountability, and will work in every link of our state and economic organs, to act with imagination and determined energy and with a high sense of responsibility to realize the tasks which are laid out for the comprehensive economic and social development of our country.

With this sense of responsibility and under the leadership of the party, the organs of the state and the economy will redouble their energies to bring to life the historic decisions of the ninth party congress for the uninterrupted development of the nation on the road of socialism.

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## 1986 PLAN FULFILLMENT REPORT

AU060601 Sofia RABOTNICHESKO DELO in Bulgarian 30 Jan 86 pp 1, 2

["Announcement of the Central Statistical Administration on Fulfillment of the 1986 Uniform Plan for Bulgaria's Scientific, Technical, and Socioeconomic Development: Stable Advance, Approaches for Technological Renewal Mastered"]

[Text] Immense work was accomplished during 1986, under the leadership of the BCP, for creating the conditions and prerequisites for ensuring the fulfillment of the strategic course approved by the 13th BCP Congress for extending scientific-technical progress in Bulgaria and for qualitatively new growth in the economy and other spheres of social life. By utilizing the economic levers even more actively and extensively and by further improving them; by transforming the enterprises and economic organizations into self-managing systems; and by increasing the rights and obligations of the labor collectives as managers of socialist property, the possibilities were increased for accelerating the introduction of scientific and technical achievements into practice and for fulfilling and overfulfilling the plan from the very 1st year of the 5-year plan period. All this led to increased activity on the part of the labor collectives, as a result of which the 1986 plan was fulfilled in its basic indices. The economy developed at high, stable rates.

Compared to 1985, the national income rose by 5.5 percent. The whole of the growth in national income was obtained from the rise in social labor productivity, which is equivalent to a saving of the labor of about 210,000 workers.

There was an increase in production quality and efficiency, and the profit realized was 9.2 percent higher than in 1985. On average, 0.4 percent more net production and 2.2 percent more overall profits were obtained for every 100 leva of basic production funds. Material expenditures per 100 leva of goods produced were reduced by 2.2 percent as compared to 1985. The production in 1986 was obtained using some 820 million kilowatt-hours less of electric power, relatively speaking.

Total industrial production in 1986 was 4.3 percent higher than in 1985.

Cooperation, specialization, and production sharing increased with the Soviet Union and the other socialist countries.

As well as the successes achieved, it may be said that not everywhere do the results conform to the requirements of the strategic course for qualitatively new growth. Targets were not fulfilled in respect of a number of natural indices. Certain goods and services fail to meet the population's purchasing-power demand either in quantity or quality. The raising of the quality of certain means of production and consumer items is still below requirements. The basic funds are still not being sufficiently fully utilized. There are still more than a few cases of disruptions in the smooth flow of production at a number of enterprises.

#### Scientific and Technical Progress

Achievements also increased in the crucial sphere of development, namely in scientific and technical progress.

Scientific studies [nauchen produkt] were produced on about 10,800 topics, of which about 1,300 were in the field of the application of electronics.

Of great importance was the fulfillment of the state orders on such subjects as a technology for disk systems, a technology for producing soft magnetic powdered-metallurgical materials and products for operation in direct and alternating current electromagnetic fields, a treatment installation for domestic sewage and effluents using biodisks [biodiskove], a technology for producing floor coverings with improved sound- and heat-insulating properties, and a system for the automated design of printed circuit boards.

During the past year a total of 8,596 developments (scientific studies) were introduced into practice. In the machine-building industry universal 32-bit minicomputers were introduced, as well as a technology for producing refractory materials for machines designed for counterpressure casting; in the chemical industry, a technology for producing salinowycin and one for producing ultra-pure chemical agents were introduced; in the metallurgical industry, a technology for the treatment of metal melts outside the furnace and one for the hydroplastic processing of metals were introduced, as well as a number of other technologies of importance for the national economy.

As well as creating and introducing the scientific product during the last year, the process of saturating production with modern technical means continued. New means for automating production were introduced in industry: 506 metal-cutting machines with numerical program control, 227 automated technological lines, and 208 automated technological modules. The successful introduction of automated systems for production and control continued. During the year 64 automated systems for controlling technological processes and 35 automated systems for centralized control [dispecherski upravlenie] of production were brought into operation, while there was an increase of 151 in the numbers of sections, shops, and types of production with integrated mechanization and automation installed.

The technical and economic parameters of 104 groups of important home-produced products were improved, including electric and diesel lift trucks, high-lift trucks, plate-type heating furnaces, pneumatic lift-truck and vehicle tires,

kitchen furniture, woolen and woolen-type yarns, feed and brewing barley, sunflower seed, hand-held electrical tools, and spirally welded steel pipes with nonmetallic coatings.

The achievements of scientific and technical progress are also being successfully introduced in transportation. Work was completed on 461 scientific-technical tasks, and 441 were introduced into practice.

The rates of automation and computerization in road transportation increased, with 50 percent of okrug goods haulage now being controlled by computer equipment to ensure optimum efficiency. The expansion of the software with all modules envisaged for the year was completed, as well as the extension of decentralized traffic control, with facilities for including departmental vehicles in an automated system for controlling road freight journeys between okrugs. In Botevgrad an automated system for monitoring and controlling bus journeys was brought into regular operation.

The introduction of new technologies continued in agriculture. There was an expansion in activities relating to the production of virus-free planting material by tissue culture methods. Sowings of high-yield varieties increased, and new varieties of wheat, barley, corn, sunflower, and sugar beet were introduced.

Notwithstanding the successes achieved in this important field, certain shortcomings are still apparent. The development is continuing of quite a number of subjects that are of little importance for the national economy. In a number of cases not enough concentration is being given yet to large-scale developments connected with the creation of an introduction of scientific studies. The results achieved in the renewal of production could be substantially greater, especially in leading economic organizations such as the Metal-Cutting Machines and Robots Economic Trust, Resprom Economic Trust, the Technological Center for Metal Casting, the Ruen Economic Trust, and others.

### Industry

Under the new conditions of self-management the industrial enterprises and organizations produced high growth indices. The results in December were particularly high.

In 1986 the industry branch produced goods to the value of 42.6 billion leva, which is 1.7 billion leva higher than the 1985 figure.

The production of marketable industrial output increased:

<u>Branch</u>	<u>1986 as percentage of 1985</u>
Electric and thermal power production	96.2
Coal industry	110.2
Ferrous metallurgy	102.2
Machine building	109.3



Chemical and petroleum-refining industry	104.2
Construction materials industry	107.1
Timber-production and woodworking industry	99.8
Pulp and paper industry	100.6
Glass, china, and pottery industry	99.2
Textile industry	102.9
Clothing industry	104.5
Leather, fur, and footwear industry	105.4
Printing activities	101.6
Food and tobacco industry	100.6
Local and cooperative industry	105.5
Other branches of industry	108.2

Substantial contributions to the industrial growth achieved were made by the Instrument-Building and Automation Economic Trust, Isot Economic Trust, Metal-Working Machines and Robots Economic Trust, Farmakhim Economic Trust, Rasprom Economic Trust, the "Technology of Metals" Technological Center, Elprom Economic Trust, Biotehnika Economic Trust, and others.

At the same time a number of enterprises from the Korabostroene Combine, the Bulgarski Zakhar Economic Trust, Stara Planina Economic Trust, Kvarits Economic Trust, Tseluloza i Khartiya Economic Trust, the Ancillary Tailoring Materials Combine, and others failed to achieve the envisaged rates in the basic economic indices.

Almost all okrugs achieved increased in production as compared to 1985. Higher rates of growth were noted in Stara Zagora Okrug, the city of Tolbukhin, and in Lovech, Sofia, Pleven, Razgrad, and Yambol Okrugs.

Production of the basic types of industrial products as compared to 1985 was as follows:

<u>Types of Products</u>	<u>Unit of Measurement</u>	<u>1986</u>	<u>1986 as percentage of 1985</u>
Miniature electric motors	Thousand units	1,962	108.1
Disk subsystems for computers	Unit	1,835	111.0
Microprocessor-based automatic telephone exchanges	Thousand lines	22	220.0
Automatic process modules for machining	Unit	256	158.0
Machining centers controlled by various numerical program systems	Unit	11	261.3
Universal lathes	Unit	5,684	114.2
Electric hoists	Unit	135,934	100.7
Electric lift trucks	Unit	47,709	101.5
Diesel lift trucks	Unit	37,144	96.6
Electric power	Million Kilowatt-hrs	41,836	100.5
Coal, total production	Thousand tons	[?]	
Pig iron for processing	Thousand tons	1,597	93.9

Steel	Thousand tons	2,989	100.6
Rolled ferrous metals	Thousand tons	3,347	100.6
Diesel internal combustion engines	Unit	44,114	116.1
Sulfuric acid	Thousand tons	806	99.6
Soda ash, technical grade 98 percent	Thousand tons	1,054	101.7
Plastics, synthetic resins, and adhesives	Thousand tons	405	103.2
Paints and varnishes	Thousand tons	71	100.3
Car tires	Thousand units	849	105.1
Cement	Thousand tons	5,721	109.7
Bricks	Million units	1,152	102.7
Furniture	Million leva	520	100.2
Cotton and cotton-type fabrics	Million meters	349	99.4
Fabrics	Million meters	42	103.5
Tailored articles	Million leva	730	106.5
Footwear (not including rubber footwear)	Million pairs	29	102.3
Meat	Thousand tons	535	103.8
Meat products	Thousand tons	127	107.9
Cheese	Thousand tons	109	109.6
Canned and preserved vegetables (not including pickles)	Thousand tons	274	84.8
Canned and preserved fruit (not including pulps)	Thousand tons	270	107.3
Childrens food	Thousand tons	23	103.1

The state orders have been overfulfilled for production of rolled metal sections, liquid paraffins, counterpressure casting machines, remote processing systems, microprocessor-based automatic telephone exchanges, bioproducts, harvesters for cereal and leguminous crops, automatic technological modules for machining, furniture, fish caught, prepared and semiprepared foods, and so forth.

Certain economic organizations and enterprises failed to fulfill the state orders for the year for a number of important products, such as cold- and hot-rolled structural steel plate, electrical tools, applied systems, computer minisystems, dish subsystems, phosphorus fertilizers, synthetic latexes, extruded panels, bricks, roof files and ridge tiles, sanitary and health products, refined sugar, canned and preserved vegetables and fruits, and other items.

The chief factor in the growth of industrial production was the rise in labor productivity, which provided almost 97 percent to the increase in net production.

#### Capital Investments in Construction

In 1986 there was a continuation in the further development and renewal of the national economy's material-production base and in the growth of the country's economic potential. The total volume of capital investments amounted to almost 9 billion leva.

The predominant portion of the capital investments—almost 75 percent—was utilized in the branches for material production, chiefly for developing and renewing the material base of the raw material and energy branches of the national economy, for introducing scientific and technical achievement into practice, and for raising the people's living standards.

In industry, 67 percent of the investments were directed into the area of material production, the overwhelming proportion of these being utilized in the basic and structure-determining branches, such as electric and thermal power production, the machine-building and metalworking industries, the chemical and rubber industries, ferrous metallurgy, and also in types of production which increase the country's exporting capacities.

The construction and installation organizations completed with their own forces construction to the value of 4.5 billion leva. The plan for the year was overfulfilled by 2.3 percent, while the amount of construction completed was 7.2 percent greater than in the preceding year.

The efforts of the construction and installation workers were mainly concentrated on the construction of projects for commissioning. Overall, basic funds to the value of 6.7 million leva were brought into operation in the national economy.

Installations and capacities of importance for the national economy were completed and handed over, such as an ethyl benzene and styrene installation with an annual production capacity of 40,000 tons, a plant for processing plastics with an annual capacity of 9,000 tons, extensions of the lignite mines Troyanovo-Yug and Troyanovo-Sever with a capacity of 3 million tons annually, and others.

However, certain projects for commissioning were not completed on time. At the Devnya Economic Chemical Combine production capacities for 400,000 tons of soda ash, an installation for the production of 3,200 tons of plasticols, and the reconstruction of the extractor for producing phosphoric acid have not been brought into operation. At the Dimitrovgrad Economic Chemical Combine a plant for the production of 450,000 tons of ammonium nitrate has not been commissioned, nor have a concentration plant for 120,000 tons of copper ore at the G. Danyanov Copper Extraction Combine, a production unit for 3,000 tons of polypropylene cellophane at the Asenova Krepost Works in Asenovgrad, and other capacities been brought into operation. The investors, construction workers, and equipment suppliers have not created the necessary conditions for smooth fulfillment of the investment program. The following are responsible for more substantial delays in bringing basic funds into use: The Chemical Industry Economic Trust, Biotehnika Economic Trust, the Technological Center for Metal Casting, the Instrument-Building and Automation Economic Trust, Metalworking Machines and Robots Economic Trust, Metalurgiya Economic Trust, and others. All this has led to an increase in the amount of uncompleted construction.

### Agriculture

Agriculture production developed in 1986 under complex conditions; the consequences of the unfavorable 1985 harvest were severe, and a prolonged drought



once again occurred in the autumn and winter. Despite this, overall agricultural production (at comparable prices) was almost 2 percent higher than the average figure for the 1981-85 period, and over 10 percent higher than in 1985. In plant growing the volume of total production almost equalled the mean annual production during the last 5-year-plan period, and increases were achieved in production of bread and feed grains, raw materials from industrial crops, sunflowers, potatoes, corn for silage, hay and apples. Production of vegetables, especially peppers, tomatoes and grapes, was lower. The average yields in 1986 were higher than the mean annual levels during the Eighth 5-Year Plan period in the cases of wheat, sunflowers, sugar beet, onions, potatoes, corn for silage, and apples. Efforts were made to make better use of the irrigated plots. The production in 1986 might have been greater if all the planned plots had been sown, if there had not been a reduction in vine plantings and crop plantings of a number of species of vegetables, and if, under the specific, sharply fluctuating agrometeorological conditions prevailing during the year, the agrotechnical measures in many production units and regions had been carried out well and in good time.

In animal farming, efforts during 1986 were directed at organizing normal reproduction of the herds and flocks and at increasing production. Total production from animal breeding was higher than in 1985, and about 3 percent higher than the mean annual figure for the 1981-85 period. The state assisted the agricultural organizations through the import of feed, but in spite of this certain resources for feeding the animals were not achieved. This results in delays in the rates of production growth and reductions in the numbers of individual species of animals. The head counts of the flocks and herds taken in the agricultural organizations and enterprises on 1 January 1987 were as follows:

	1 Jan 87 thousands	Head counts on 1 Jan 87 as percentage of count on 1 Jan 86
Cattle,	1,357.7	98.7
including cows	490.7	98.6
Pigs	2,939.3	101.9
Sheep	6,259.8	97.4
Poultry	25,335.6	102.5

The number of cattle in the agricultural organizations showed a decrease of 17,800 head, mainly in Silistra, Lovech, Gabrovo, Veliko, Turnovo, Turgovishte, and Plovdiv Okrugs. Increases in the numbers of cattle were achieved by the agricultural organizations in Blagoevgrad, Burgas, Kurdzhali, Pernik, Plovdiv, Razgrad, Sliven, Tolbukhin, and Khaskovo Okrugs. The numbers of pigs fell only in Varna, Vidin, Vratsa, Mikhaylovgrad, Plevan, Razgrad, and Tolbukhin Okrugs. The most marked increases in numbers of pigs were observed in Shumen, Stara Zagora, Pernik, and Blagoevgrad Okrugs. There were rises in the numbers of sheep in the agricultural organizations in Blagoevgrad, Mikhaylovgrad, Razgrad, and Yambol Okrugs and in Sofia City. The fall in the numbers of sheep was more significant in Silistra, Ruse, Turgovishte, Burgas, and Pazardzhik Okrugs. The agricultural organizations in Veliko Turnovo, Plevan, Stara Zagora, and Plovdiv

Okrugs and elsewhere made the greatest contribution toward increasing the poultry population, but in certain okrugs, namely Burgas, Varna, Lovech, and Tolbukhin, the poultry count on 1 January 1987 was 10 percent lower than at the start of 1986.

Total fresh milk production in the agricultural organizations and enterprises was 3.4 percent higher; cow's milk production showing a 3.1 percent increase, and sheep's milk a 6.8 percent rise. There was a 4.9 percent rise in egg production.

Compared to 1985, larger amounts of cereal foods, sunflowers, certain vegetables, apples, cattle and poultry for slaughter, milk, and eggs were purchased from the producers.

#### Transportation and Communications

The country's transportation and communications system continued to develop and improve.

The economic public transportation organizations carried 0.7 percent more goods than planned, and 2.2 percent more goods than in 1985. Rail transportation met its plan targets by 100 percent, and public road transportation by 100.2 percent. Compared to 1985, rail transportation conveyed 2.6 percent more goods, and road transportation 1.6 percent more goods.

The results for a number of technical-economic indices were better than planned. In rail transportation the turnaround time for freight cars was reduced by 2.33 hours, the mean daily productivity of the cars in the operating stock rose by 4.7 percent, and the mean daily productivity of each locomotive in operation rose by 0.5 percent. The average daily run completed by road goods vehicles increased, the utilization of the goods trucks and buses per journey improved, and the freight- and passenger-carrying capacities of trucks and buses increased.

The number of passengers carried were 2.1 percent higher than planned, and 3.2 percent higher than in 1985.

However, the requirements of the national economy regarding the conveyance of a number of goods by individual types of transportation were not fully met. No significant changes were achieved in the quality of transportation services for the population. Weaknesses continue to be permitted in services to the population, chiefly in Sofia, okrug towns, and large industrial centers. There are still cases of trains, aircraft, and buses not running according to schedule. The proportion of manual and heavy physical labor is still high, especially in freight handling on the railways.

The postal network was expanded with 33 new post offices, 22 of which are located in villages. A total of 132,496 new telephone lines were installed, of which 103,298 are for domestic subscribers. Some 224 new telex stations were opened and 4 radio transmitters, 3 television transmitters, 81 radio relay stations, and 55 television relay stations came into operation.

However, there are still lags in the construction of the international and intersettlement long distance network. The quality and reliability of telephone services is still not satisfactory.

#### Foreign Trade and International Tourism

In 1986 Bulgaria continued to expand and improve its participation in the international socialist division of labor. Our country took an active part in the work of fulfilling the Complex Program for Scientific and Technical Progress of the CEMA Member-Countries Until the Year 2000.

The foreign trade exchange of goods reached a figure of 27.4 billion leva. Some 79.2 percent of the goods exchange was carried out with the CEMA member-countries, a 3.3 percent increase as compared to 1985. The goods exchange achieved with the USSR alone amounted to 59.2 percent of the total, representing an increase of 3.6 percent.

International tourism showed further development. The number of tourists visiting Bulgaria in 1986 exceeded 7,567,000, or almost 272 thousand more than in 1985.

#### Living Standard of the Population

On the basis of the economic growth achieved, implementation continued of the measures mapped out for raising the population's living standard, and the population's growing requirements were satisfied even more fully and in a more integrated manner.

The average monthly earnings of workers and employees reached 224 leva. Social consumption funds increased by 8.2 percent as compared to 1985.

In 1986 the domestic market was provided with 7.2 percent more goods from domestic production and imports than in 1985. There was an increase in the volume of goods offered by the consumer products workshops [tsekhova za shirpotreba], concomitant production facilities, and ancillary businesses.

The retail goods exchanged reached 16 billion leva, increasing by 7.3 percent at current prices as compared to 1985. The increase in public catering alone was 4.1 percent. Increases in the goods exchange were achieved in all okrugs, the largest being recorded in the following okrugs: Blagoevgrad, 10 percent; Smolyan, 9.4 percent; Pazardzhik, 8.7 percent; Mikhaylovgrad, 8.6 percent; Lovech, 8.5 percent; and Silistra, 8.5 percent.

Increased sales in retail trade and the development of the system for the settlement systems to satisfy their needs for agricultural products from their own resources ensured a growth in the population's consumption.



# Per Capita Consumption of Basic Food and Nonfood Products

	<u>In 1986</u>	<u>1986 as percentage of 1985</u>
Meat and meat products, kg	72.8	100.4
Fish and fish products, kg	8.4	98.8
Eggs	260.0	101.6
Milk and dairy products, calculated for 3.5 percent fat content (not including butter), liters	221.0	100.9
Edible vegetable oils, kg	15.4	99.4
Sugar, kg	35.1	100.0
Fruit and vegetables, kg	215.5	103.4
Cotton fabrics, square meters	27.0	100.4
Woolen fabrics, square meters	4.9	100.0
Silk fabrics, square meters	4.2	100.0
Knitwear, articles	14.0	105.3
Footwear (not including slippers and sports shoes), pairs	2.4	104.3

Compared to 1985, in 1986 10.7 percent more automatic washing machines were sold per 100 members of the population, 41.8 percent more color televisions, 22.3 percent more electric radiators, 6.3 percent more radio receivers, 30.8 percent more sewing machines, 6.2 percent more furniture, 14.0 percent more non-woven floor coverings, as well as larger quantities of other products for cultural and everyday purposes and for furnishing the home.

## Extent of Supplies of Durable Consumer Goods to the Population

	<u>Number per 100 households at end of 1986</u>	<u>1986 as percentage of 1985</u>
Television sets	96	103.2
Washing machines	92	103.4
Refrigerators	96	102.1
Vacuum cleaners	62	100.0
Automobiles	39	105.4
Telephones	45	107.1

In spite of the increase in goods turnover, there were interruptions, mainly due to insufficient production in certain regions of the country, in sales of a number of goods, such as beans, red peppers, lentils, ground black pepper, some types of meat and meat products, chocolate products, olives, spices, certain types of canned and preserved vegetables, "Sofia" and "Veliko Turnovo" color television sets, "Mraz 270" refrigerators, knitted underwear, and other items.

Consumer and household services were further developed. The total volume of consumer services carried out to the population rose by 6.4 percent as compared to 1983.

## Consumer Services to the Population

	1986 as percentage of 1985
All-round services	111.6
Maintenance and repair of lift equipment	110.4
Optical services	109.3
Construction and repair services	109.0
Maintenance and repair of motor vehicles	108.6
Tailoring and dressmaking services	108.3
Laundry	106.4
Footwear, leather, and haberdashery services	105.6
Metalworking services	105.0
Radio and television maintenance and repair	104.3
Domestic equipment maintenance and repair	102.8

Consumer and household services increased in all okrugs, except Kyustendil and Stara Zagora Okrug. The greatest rises were recorded in the following okrugs: Vratsa, 25.0 percent; Sofia Okrug, 12.4 percent; Pernik, 12.1 percent; Burgas, 11.6 percent; Silistra, 11.4 percent; Smolyan, 10.8 percent; and Khaskovo, 10.6 percent.

The construction and installation organizations completed building work to the value of 695 million leva in new housing construction. Fifty-four thousand, one hundred ninety-eight dwellings were completed and handed over to the population. The housing construction programs were not fulfilled in Burgas, Veliko Turnovo, Vratsa, Gabrovo, Kurdzhali, Mikhaylovgrad, Pazardzhik, Pleven, Silistra, and other okrugs.

The educational level of the population continued to rise. Some 103,200 young people completed their secondary education, and 15,700 young specialists completed their higher education, of whom 4,900 graduated in engineering and technical subjects. In the 1986-87 year 1,609,900 students were receiving education in the country's teaching establishments. An average of 180 persons per thousand members of the population are training in the educational establishments.

Health services to the population improved. Infant mortality fell from 15.4 per thousand live births in 1985 to 14.5 per thousand in 1986. Rest and holiday facilities were further developed.

At the end of 1986 the population of the People's Republic of Bulgaria reached 8,968,000.

## Protection of the Natural Environment

Approximately 470 million leva were utilized in 1986 for protecting and restoring the natural environment. A number of environmental protection measures were carried out, as a result of which the condition of the air, water, and soil continued to improve in individual regions and river valleys in Bulgaria.

New treatment installations were constructed with annual capacities for trapping over 19,000 tons of noxious atmospheric contaminants and for treating over 40 million cubic meters of effluent. A total area of 638,000 decares was protected from erosion and 16,000 decares were recultivated. A total area of 129,000 decares was drained and chemical land improvement measures were used to restore the fertility of 165,000 decares of salt-laden and harmfully acidic soils. Biological agents and integrated methods for plant protection were employed on 8.3 million decares. Some 320,000 decares of new forests were planted with trees and 122 new locations were placed under the protection of the Law on Nature Protection. The waste-free and low-waste technologies introduced during the year ensured the beneficial utilization of 950,000 tons of waste products per annum.

As a whole, the results of fulfillment of the scientific, technical, and social tasks in 1986 form a good basis for our socioeconomic development during the Ninth 5-Year Plan period, in accordance with the requirements for qualitatively new growth. The confirmation and multiplication of what has been achieved and the solving of the existing problems, particularly in the field of further technological and technical improvement, are decidedly topical issues, and provide a great reserve for our further development, for intensifying the economy, and for raising the people's living standards.

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## SEMINAR ON PRODUCTION LINKS WITH USSR

AU172027 [Editorial Report] Sofia TRUD in Bulgarian on 13 and 14 January carries extensive reportage on the "traditional International Tuesday-Seminar" jointly organized by the Sofia TRUD and Moscow TRUD dailies and held "recently" at the Ivanovo Metal-Cutting Machines Association in the USSR. The TRUD issue of 13 January carries on pages 1 and 2 a 2,800-word article by Vladimir Pavlovich Kabaidze, "general director of the Ivanovo Metal-Cutting Machines Association and the Ivanovo-Sofia Scientific-Production Trust," entitled "To Seek and Find the Nonstandard Solution." On 14 January TRUD carries on page 1 and the whole of page 2 various materials on the above seminar "written by TRUD special correspondents Evelina Georgieva and Petur Minev," and totalling approximately 7,000 words.

In his article in TRUD in Bulgarian on 13 January, V.P. Kabaidze gives an account of the origins and development of the Ivanovo Metal-Cutting Machines Association, then describes his collective's struggles and difficulties in revolutionizing the plant's design and production activities in order to produce world-standard machine tools at competitive prices able to meet rigorous competition in the world markets. For example, he states that "at the start, when we entered the capitalist markets, we had to endure heavy blows. We saw that our standards were obsolete and our ways and methods of work were outdated. Speedy, energetic changes were essential." He lays special stress on the need for management to abandon conservative, outdated, and bureaucratic thinking, noting that "our own innovation gave rise to furious resistance among the superior leadership and, of course, led to appropriate consequences for the collective and the enterprise." However, Kabaidze stresses that "we also had a good ally. The party obkom believed that we were acting thus not because we could not work 'like everyone else,' but because we had chosen the right path."

Kabaidze also lists his basic plant management principles, which include not taking back anyone who gives up his job, and giving great emphasis to maintaining initiative in original design work. He then emphasizes the importance of producing goods to meet the customers' own specifications and simplifying management decisionmaking procedures. Kabaidze sums up with the words: "It seems that this is the nub of the matter: to find new, nonstandard decisions."

The materials on the seminar published in TRUD on 14 January cover a wide spectrum. The seminar participants, listed on page 2, comprised foreign trade and

economic officials, managers and workers from joint production and other enterprises in Bulgaria and the USSR, several of whom contribute articles in this issue. These include A.A. Rusanov, "first deputy representative of the USSR in CEMA," with a 220-word piece entitled "The Barriers Are Overcome"; Georgi Alipiev, "responsible official in the Commission for Economic, Scientific, and Technical Cooperation under the Bulgarian Council of Ministers," with a 350-word commentary entitled "The Main Trend Is High Quality"; Konstantin Dzhatov, "twice hero of socialist labor and a worker at Sofia's Metal-Cutting Machine Works," contributing 250 words under the heading "Success Is Decided at Every Workplace"; and Iliya Kharalampiev, "minister plenipotentiary at the Bulgarian Embassy in the USSR." Kharalampiev's 400-word article, entitled "From 'Entry' to 'Exist'—A Combined Whole," sets out "the criteria which international trusts have to meet," based on "conclusions from experience so far." The five criteria set out stress unity: unity in technical policy, a uniform production plan, a combined marketing plan, combined ownership of the basic funds of the trust, and a unified management leadership.

The discussions at the seminar are summarized in a 900-word commentary on page 1. This notes that the two established Bulgarian-Soviet scientific-production engineering trusts "Ivanovo-Sofia" and "Krasniy Proletariy-Beroe" are "trail blazers" in the new trend of integration of industrial production and work-sharing and have already produced "the first excellent results." The seminar participants agreed on five proposals, set out on page 2, namely: "A more confident approach toward creating common ownership in international scientific-production trusts"; "uniform production and marketing plans"; "improvement of the pricing system"; "bolder use of economic sanctions for branches of contractual discipline"; and "more active cooperation between collectives in the social field and further advance of international socialist competition."

On page 2 there appears a 1,600-word report on "something like a press conference, something like a 'no-holds-barred question-and-answer session'" with V.P. Kabaidze, general director of the Ivanovo Metal-Cutting Machines Association and the Ivanovo-Sofia Scientific-Production Trust, who gives outspoken replies to a range of questions. When asked his views on setting up more direct links and joint trust, Kabaidze stresses that "both sides must have high goals and real capacities to attain them," and that the plant managers concerned must take active part in any negotiations from the very beginning. He refers to such negotiations currently taking place between "sundry people, such as top bosses, lawyers, and financial experts," noting drily that "only the plant directors are absent." "Will anything come out of it?" asks Kabaidze, "I bet that nothing will."

In answer to the question "Do you have any more problems in the USSR or Bulgaria?" Kabaidze replies: "As for my Bulgarian problems, I can solve them myself. As for the ones in the USSR, I can solve them with the help of the Politburo."

Responding to the question "What are the obligations of the Sofia Metal-Cutting Machine Works with regard to the foreign trade rights acquired?" Kabaidze answers: "I have briefed the Bulgarian management. This question will be finally worked out. Bulgaria exports to developed capitalist countries, but as yet has no experience with such complex equipment. We warn the comrades: We will be

sending our inspectors to you. We will help you, but how? By reading lectures? No. We will make demands, impose fines, and we'll be tough. Our methods are like this. It's not a cosy life to export to the FRG or to Switzerland, but real, difficult, men's work!"

Finally, on page 2 under the heading "For Our Ears Only, But Not Just for Information," Georgieva and Minev offer "the following lines of dialogue, not for public consumption," adding, "we noted them down with no pleasure when they showed us round inside the plant." The remarks recorded relate to the poor quality of Bulgarian components and assemblies supplied to the Ivanovo plant. For example, in response to an unattributed query "What are these gearwheels chucked over here? They look strange....," the unattributed reply is: "Not so. We are just disposing of substandard products from a production-sharing delivery from Bulgaria." Another question is: "What do you think of our [Bulgarian] robots?" The unattributed reply is: "When you tell me how many of them, and with what profit, are being sold to places where they pay out of their own pocket, I will tell you. I am sure of one thing, namely that if you produce the same old products year after year, you are producing something hopelessly outdated."

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CSO: 2200/55



## GOVERNMENT TAKES MEASURES ON WORK CLOTHES SUPPLIES

AU111059 Sofia TRUD in Bulgarian 10 Feb 87 p 1

["Own Information" report: "State Concern for Improving Labor Conditions"]

[Excerpts] A working conference was held yesterday in the Council of Ministers on the problems of work clothings, work footwear, and personal protective equipment. The conference was chaired by Andrey Lukanov, candidate member of the BCP Central Committee Politburo and first deputy chairman of the Council of Ministers. The participants included Petur Dyulgerov, candidate member of the BCP Central Committee Politburo and chairman of the Bulgarian Trade Unions' Central Council; Georgi Karaulov, secretary of the Bulgarian Trade Unions' Central Council; Khristo Khristov, minister of trade; Ivan Delchev, deputy chairman of the Economic Council under the Council of Ministers; Petko Todorov, deputy minister of trade; Vladko Kolev, deputy minister of finance; Elena Zlateva, chairman of the "Industry for Man" Association; Todor Tonev, deputy chairman of the "Trade and Services" Association; Boyan Evtimov, a chief director in the State Planning Commission; and responsible leaders of the "Pirin," "Pamukoteks," "Desislava," "Zora," and "Territorial Supply" Economic Trusts.

In his words of introduction Comrade Andrey Lukanov emphasized the great political and economic importance of the problem being examined, which has recently been given wide publicity in society. A question had been asked in the National Assembly. The newspaper TRUD published a biting, timely, and truthful article, followed by alarming views and alert from workers. This is why the aim of this working meeting was to map out categorical, effective measures for getting out of this situation.

For his part, Comrade Petur Dyulgerov explained the reasons why it was immediately necessary to find a solution to the problem of work clothing and footwear, for which possibilities existed. It was necessary to bring in greater production potential in order to satisfy the needs of the working collectives.

Finally, effective measures were mapped out for solving the problem under discussion. The measures said that the 1987 state orders for clothing will be increased to 6.2 million items, and for footwear to 1.5-1.6 million. The economic trusts and local industry were instructed, starting with the very first quarter of the year, to utilize the materials provided and to give priority to work clothing. An additional quantity of fabric will be provided by imports.

In the case of certain urgently required protective apparatus, foreign currency will be specially allocated for its import from abroad. The necessary steps will be taken for a certain tax concession for the production of work clothing and footwear. The participation of units of the Main Administration of Construction Troops will be sought for the accelerated construction and commissioning of production capacities at the Kosta Petrov Footwear Works.

The conference ended with the understanding that a political and economic task of paramount importance was waiting to be carried out in practice. This will help to alleviate the severe problem. Furthermore, steps must be taken to guarantee a lasting solution of the problem in the future.

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CSO: 2200/55

**TALKS OPEN WITH SWEDISH BUSINESSMEN IN SOFIA****AU031910 Sofia BTA in English 1436 GMT 3 Feb 87**

[Text] Sofia, 3 February (BTA)—Swedish businessmen, among them representatives of "ASEA" "Ericsson," and "Intersveta," started talks with their Bulgarian partners. The business meetings, which will continue till 6 February, are organized by the Bulgarian Chamber of Commerce and Industry, the Bulgarian Industrial Economic Association, the Swedish Committee for Development of the Trade Between the Two Countries, the Swedish Trade Council and the Federal of Swedish Exporters.

It was stressed at today's plenary meeting that the talks aim at finding new ways and possibilities for broadening of the economic contacts. There are opportunities for a better use of the traditional trade forms as well as of the exchange of industrial and biotechnologies.

There is a good legal basis between Bulgaria and Sweden for the development of the trade and economic cooperation. The agreement for application of the status of most favoured nation also contributes to this end.

Agricultural products, foods, raw and other materials prevail in Bulgaria's export to Sweden. The industry is represented by metal working machines and electric motors. Recently the Bulgarian firm "Isotimpex" has exported computer technologies and office machines to Sweden. Machines and equipment, metallurgical equipment, chemical products and technologies prevail in the Swedish export to Bulgaria.

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## BRIEFS

**INTERNATIONAL INVESTMENT SYMPOSIUM**—An international symposium on problems in investment processes opened in Sofia yesterday. Rumen Georgiev, president of the Economic Initiative Bank, read the main report. He stressed that the rates of speed and the quality of economic growth depend upon the volume, the trends, and the structure of capital investments and upon the manner in which industrial capacities are put into operation, as well as upon the manner in which basic forms are utilized. The Central Council of the Scientific-Technical Union is the chief organizer of the symposium. Over 50 scientists and specialists from our country are participating in the symposium and analyzing the basic elements of the economic mechanism in connection with investments, elements which are connected with the requirements for highly effective final results in production. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 21 Jan 87 p 8 AU] /12232

**'INDUSTRY FOR MAN' ASSOCIATION**—In order to increase the quantities, improve the quality, and widen the range of industrial goods for everyday consumption, an "Industry for Man" Association was formed in Sofia yesterday. Ognyan Doynov, member of the Politburo of the BCP Central Committee, deputy chairman of the Council of Ministers, and chairman of the Economic Council, took part in the inaugural meeting. The "Industry for Man" Association includes the following economic organizations: economic trusts with headquarters in Sofia—Pamukoteka, Rila, Roen, Valentina, Pirin, Mladost, Kvaris, Vikhren, and Nebel; Vezhen and sirms in Plovdiv; Vitaks in Gabrovo; Perun in Samokov; zoro in Dimitrovgrad; "Bitova i Turgovska Tehnika" in Plovdiv; Perla in Varna and Promash in Kazanlu; the economic combines Dekoteks in Sliven and Koprina in Karlovo, and Novotekr in Sofia. Also included are Tansh [expansion unknown], the Centre for Electronics Applications in Gabrovo, The Vida Scientific Research and Technological Institute, and the Institute for Market Research and Stimulation in Sofia. The inaugural meeting elected a controlling council and executive bureau. Engineer Elena Zlateva was elected chairman of the "Industry for Man" Association. [Liliyana Lozanova report: "'Industry for Man' Association Has Been Formed"] [Excerpts] [Sofia RABOTNICHESKO DELO in Bulgarian 29 JA p 2 AU] /12232

**INTERNATIONAL TIMBER TU MEETING**—Sofia, 3 February (BYA)—The Wood Industry Commission of the Trade Unions International of the Building, Wood and Building Materials Industries opened a session here today. Taking part are representatives of the GDR, Ghana, Spain, Poland, Portugal, Romania, the USSR, Finland,

Czechoslovakia and Bulgaria. They focus on the impact of techno-scientific advances on working conditions and the peculiarities of work in the woodworking and furniture-making industries. The agenda also includes questions concerning the proper utilization of technology as an important factor of maintaining the ecological balance. Trade unions in these branches have, above all, to achieve better working conditions, higher labour safety and enhanced health care. The problems of pay and working hours are equally important. [Text] [Sofia BTA in English 1220 GMT 3 Feb 87 AU] /12232

CSO: 2200/55

## CURRENCY DUMPING RAISES QUESTIONS, LOWERS EXCHANGE RATE

Hamburg DER SPIEGEL in German Vol 41 No 6, 2 Feb 87 pp 90-92

[Text] At West Berlin's currency exchange counters, where East German senior citizens often trade in their savings for Deutsche marks, a dressier clientele from the East has been seen in recent weeks.

Distinguished gentlemen, for the most part easily recognizable as members of the diplomatic corps accredited in East Berlin, are producing stacks of GDR marks, in many cases fresh from the printer and still bundled in Staatsbank revenue seals. On occasion, these customers have produced millions of marks from inside their bulky coats.

Currency experts in Berlin estimate that one hundred million GDR marks have come onto the market in the past month, at least 10 million more than the system could deal with. The result of the surplus: a temporary, dramatic plunge in the (unofficial) exchange rate from 6:1 to nearly 10:1, followed by a recovery in recent weeks; the official exchange rate of 1 to 1 is used only in GDR banks or in interzone trade.

According to the analysis by Berlin banks, the sudden rush of GDR marks was caused primarily by an acute shortage of silver in the East German microelectronics industry. In order to rectify the bottleneck without having to expend scarce foreign currency reserves, the VEB Muenze der DDR reportedly raised the purchase price for silver to 6,200 marks per kilo. The same kilo has in recent times cost less than DM 450 in the West.

Even at an exchange rate of DM 12 for 100 GDR marks, the silver dealer received a good cut: he got DM 744 for 6,200 GDR marks.

It was not only citizens of the GDR who took advantage of the unexpected gap in the market by converting their silverware into cash. Many diplomats accredited in East Berlin made considerable profits from speculation: They sold to the state mint a large quantity of silver that they had brought into the GDR under the protection of diplomatic immunity, and then exchanged their GDR marks into hard Western currency in the exchange offices in West Berlin.

The trade in silver is only part of the currency transaction between East and West. According to estimates made by Western financiers, up to 250 million



GDR marks pour onto the international market each year—a process that affects the GDR equally in terms of prestige and of its porous foreign exchange position.

For many years, East Berlin has had to watch as its money, a purely domestic currency that cannot be spent anywhere else in the world, has flowed uncontrollably in both directions across the country's borders.

It is hidden in the luggage of diplomats and under the rheumatism bandages of senior citizens; foreign money runners have played a role, and even clerics have been involved in currency crimes—such as former synod leader Kurt Scharf, who helped channel 400,000 GDR marks across the border in 1957 for the benefit of East German church bodies.

The main gate for the transactions is West Berlin, where commercial banks and in particular private currency exchange offices carry out a significant share of the turnover in GDR marks. A Westerner who stocks up on cheap GDR money in West Berlin, instead of going with the official rate of 1 to 1, can dine for next to nothing, thanks to the dumping rate in the neighboring country, where a meal of "gourmet" pork roast costs 10.40 marks in better restaurants.

The "bogus rate" also gives travellers to the East extensive opportunities, if they dare, to smuggle the illegal money across the border: cash gifts to relatives, for example, or to one's second girlfriend in East Berlin. Privileged persons, such as Western Allied military personnel who are exempted from border control procedures, organize entirely risk-free hoarding trips to the eastern part of the former capital—GIs go on bargain shopping excursions for optical equipment, preferably binoculars from Jena.

Draconic penal provisions in the GDR for violators of the currency regulations—up to 10 years imprisonment—are unable to halt the transfer. The abatement of travel restrictions and the simplification of border traffic are making control more difficult for GDR authorities.

Diplomats posted in East Berlin are the biggest currency runners. Many of them are paid only partially in GDR currency, the rest coming in Western funds, which they then—in order to increase their own buying power and unmolested by border controls—multiply into GDR marks at Western exchange offices and finally smuggle back across the Wall.

It is not only Eastern diplomatic personnel that is smuggling foreign money. In 1982, Bonn's Permanent Representation was forced to recall a man who had been arrested in a transfer affair involving at least 500,000 GDR marks.

The over-the-counter transfer of money means for the GDR revenues of foreign currency amounting to tens of millions; moreover, the favorable purchasing power of Western tourists resulting from the low exchange rate—the greatest demand is for rare East German goods—further intensifies the supply shortages of the GDR's own population. It is because of this that the GDR in 1980 complained of "damage to the national economy" from the secret trade in currency, in this way justifying the increase in the compulsory exchange to the current 25 marks per visitor per day.

Admittedly, the GDR itself is contributing to the disaster. As early as in the 1970s, fresh GDR marks appeared by the suitcase at money exchange sites in Zurich, Frankfurt and Vienna. The cut-rate Deutsche marks obtained for them were intended to help state-owned enterprises out of their dire straits; goods otherwise unobtainable so quickly were perforce bought up in the West—machine parts, industrial diamonds, zippers.

The GDR even affords hospitality to the biggest channel for GDR marks in West Berlin. The Deutsche Verkehrs-Kredit-Bank maintains exchange windows in the Bahnhof Zoo train station. "Any passer-by," a competing bank complained in writing in East Berlin, "has to get the impression that the GDR approves of the purchase of GDR marks in West Berlin at the going rate."

That is in fact the way it must be. Even the SED, despite all its ever-recurring tirades against the "fraudulent exchange rate," uses the 5 to 1 rate, which was valid until mid-1986: in the "Delikat" and "Exquisit" stores for groceries, textiles and shoes, the state sells high-quality Western goods to customers paying in GDR marks at three to seven times the price.

Clever East Germans get the money for purchases in the international shop, where almost anything otherwise in short supply in East German society can be had for Deutsche marks, in regional centers for illegal money circulation. The rate paid there is in accordance with the laws of the marketplace.

A year ago at Hermsdorfer Kreuz, near Gera, East Germans willingly exchanged seven GDR marks for one Deutsche mark from Westerners in transit to Berlin. The service area is considered the central currency exchange market for the entire southern part of the country.

The otherwise so vigilant comrades in the state security service turn a blind eye to this. For the top brass in the SED, (almost) any means is justified in order to get Western money—even an organized black market in the very heart of East German socialism.

Only a few meters away from East Berlin's magnificent Unter den Linden, four or five professionals are at work every morning getting Deutsche marks and dollars from unsuspecting tourists.

These people engage their victims in a harmless conversation, asking them how long the border crossing took and whether they are waiting on relatives in the East. Then they come to the point: Wouldn't you like to exchange a couple of marks; today is my girlfriend's birthday; there just happens to be an international shop around the corner.

The rate is, the story continues, unfortunately not as good as the one in West Berlin, but it is still 4 to 1, and this way one does not have to get the money through the border controls. There is no risk involved, the moneychanger declares; if the visitor should have any GDR marks left over, he could change them back at the border at a 1 to 1 rate—a dangerous lie for the person who falls for it. Because if he is caught with hot GDR marks, he will at least face several hours of interrogation by state officials.

The illegal transactions, an East Berlin financial expert concedes, are "a shady business"; however, the GDR needs every Deutsche mark that it can get its hands on, and this is why the party tolerates it.

Former SED functionary Hermann von Berg, who defected last May to the FRG, is convinced that this policy of loose money is not worthwhile for the SED. Berg doubts that the illegal GDR marks in the West will level off at the rate of 5 to 1, which has been the standard rate for many years. In his opinion, the slump in the GDR currency can be attributed first and foremost to the persistently negative trends in the East German economy.

The most important negative elements in the East German economy are the poor energy situation, the decline in trade with the West, including that with the FRG, a falling off in the rate of investment and the new increase in foreign debt—which according to high calculations in the West is currently around \$8 billion net.

East German specialists in West Berlin believe that steps are being considered in the SED leadership ranks for halting the decline of the GDR marks in the West—through a short-term exchange of current bank notes into new ones. This could render the GDR marks in circulation in the West worthless, as was last the case in 1964.

The drawback is that the SED would thus annoy its most important partners in the West, the banks. And it is still dependent on their willingness to extend credit.

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## KEY TECHNOLOGIES DESIGNED TO REDUCE INDUSTRIAL BY-PRODUCTS

East Berlin TECHNISCHE GEMEINSCHAFT in German Vol 34 No 10, Oct 86 pp 3-4

[Article by Dr. W. Lausch, Chairman of Work Group (Z) "Low Industrial By-Product Technologies" of the Chamber of Technology: "For Effective Closed Materials Cycles"; first paragraph is TECHNISCHE GEMEINSCHAFT introduction]

[Text] Our economic strategy is inseparably linked to the creation of technologies with few or no industrial by-products. Efficient materials cycles which are as closed as possible and extend all the way from the recovery of raw materials to their transformation into end products are a basic component of these technologies. Managing the economy with few industrial by-products, or none at all, means comprehensively employing modern key technologies. The KDT [Chamber of Technology] initiative "Peak Performances for Key Technologies" is an effective instrument for that.

Low by-product and by-product-free technologies are, as defined at the 1979 All-European Environmental Congress in Geneva, the "practical application of knowledge, methods, and means, in order to provide for the most rational use of natural resources and energy and to guarantee protection of the environment, all within the framework of human needs."

Normally, this definition internationally encompasses four different stages of realization, which cannot be neatly and completely separated from each other, to be pursued in the following order:

- avoiding creation of by-products, especially through closed materials cycles,
- returning unavoidable by-products to the production process (recycling),
- utilizing by-products in a new manner,
- selectively storing by-products which are not yet usable, within time limits.

The "human needs" mentioned above are in complete agreement with society's goals in socialism and are being realized in the GDR through the course of the principal task based on continued economic growth beyond the turn of the millennium. These human needs lead to demands in the areas of production and environment.

In this connection "production" encompasses the most varied branches of the economy, and "environment" is understood to mean the area whose boundaries are defined by the extent of human effects on nature.

Human needs are satisfied on the one hand through products with intrinsic value coming out of "production," such as food, clothing, and consumer and luxury goods and on the other hand through use of the "environment," in the sense of working and living conditions, health, recreation, sports, etc.

Based on the material relationship between "production" and "environment" as sources for the satisfaction of human needs, the coordination and complexity of low-by-product or by-product-free technology becomes clear.

#### Conscious Production Organization

Low-by-product and by-product-free technology in this sense means applying knowledge, methods, and means in a practical fashion to minimize the flow of materials and energy in and out of the environment and, at the same time, making a considerable contribution to increasing the efficiency of the national economy in the sense of comprehensive intensification.

Given social ownership of the means of production, that is, the ability to have a planned and conscious organization of production and its relationship to environment, it is clear that low-by-product and by-product-free technology is more than low-by-product and by-product-free procedures or methods of using by-products and caring for the environment (keeping the air and water clean, etc.).

Low-by-product and by-product-free technology therefore means more than just these procedures as separate entities or in their totality: They objectively become components of the total social strategy regarding the unity of use, design, and protection of the environment.

The results of the GDR's environmental policies in recent years are noteworthy. From 1981 to 1984, on average, the specific energy usage was reduced by 6 percent annually and specific industrial water usage was reduced by 14 percent annually. Both showed noticeable positive effects on the environment. Among the positive results is an increase in the amount of by-products recycled, from 5.5 million metric tons (1980) to over 30 million metric tons (1985) out of a current generation of approximately 70 million metric tons of industrial by-products of 450 various sorts.

#### For Greater Utilization

The GDR Ministry for Environmental Protection and Water Management established a series of priorities for next year with regard to the introduction of low-by-product and by-product-free technologies. They affect such areas as development and application of highly productive procedures for using domestic raw materials and energy sources (especially for closed materials cycles for materials reclamation) and procedures which conserve energy and water. In addition, special attention is directed to developing procedures to increase the degree of utilization of industrial by-products as well as household and

agricultural wastes. In this connection, for example, biotechnology is especially promoted as a key technology of great importance.

Crucial economic efficiency in the application of biotechnical procedures is to be achieved primarily through linking toxic waste removal with materials reclamation. Great demands arise from this for the basic research to develop practical procedures (for microbial removal of sulfur from fossil fuels, for example, or for combining aerobic and anaerobic stages in sewage treatment).

This year in the GDR chemical industry alone, 100 types of by-products with a total mass of about 12 million metric tons are being recovered. It is currently possible to re-use 78 percent of this, especially the waste and ashes which contain lime. Quantitatively, the use of by-products in this branch of industry increased by 135 percent since 1980.

For recycling household plastics, a new procedure was developed for economic use of the so-called PVC [polyvinyl chloride] "sink-fraction" which settles out during the separation of plastic granules in water. Whereas in the past one could only make new products out of the polyolefins, the "swim-fraction," now spacers for concrete slabs for use in construction can be made from the PVC components. Now it is possible for the first time to recycle plastics without any by-products.

When a new chemical plant is built, the focus is on making the processes as by-product-free as possible. That also applies, for example, to crude oil refining. Thanks to optimized production processes (in large chemical plants, material and energy use is managed by microelectronic monitoring and control equipment), crude oil refining is increasingly by-product-free, for example, at the Schwedt VEB Petrochemical Combine. That also applies to the production of plastics and elastics at the Buna VEB Chemical Plant and to the production of ammonia gas and urea at the Plesteritz VEB Agrochemical Combine.

#### Clear Progress Recognizable

An effort is being made in all branches of industry in the republic to develop suitable processes to satisfy the social demands for low-by-product and by-product-free technologies. The Fifth Technical Conference of the Central Work Group on "Low-By-Product and By-Product-Free Technology" made that quite clear to the KDT presidium in Magdeburg in April 1986. Ten years after the first "Symposium of CEMA Member Nations for Theoretical and Technical-Economic Issues in Low-By-Product and By-Product-Free Technologies" in 1976 in Dresden, this group presented a public accounting and description of the current situation regarding knowledge and application of low-by-product and by-product-free procedures in industrial use in the GDR. Measured by concrete economic results achieved, clear progress came to light, especially in the use of by-products still being generated.

Currently the stages of materials recycling and of material and energy usage of by-products generated in the individual branches of the national economy still play the dominant role. They make an exceptional contribution to the improvement of raw material and fuel reserves and thereby to rational use of natural resources as a component of environmental protection.



The committees of our socialist engineering organization also played no small part in this development. Within the framework of the KDT initiative "Peak Performances for Key Technologies," it is now a question of concentrating the initiatives of the KDT collectives and members even more on helping to implement low-by-product and by-product-free technologies in a stricter sense, by taking measures at the by-product source without neglecting previously mentioned areas of utilization and harmless disposal of by-products.

#### Unity of Economy and Ecology

The strategy of low-by-product and by-product-free technology, increasingly prevailing throughout the national economy, will above all contribute to making it possible to see and experience the unity of economy and ecology, of economic growth and environmental protection, as was reiterated in the Decisions of the 11th SED Party Congress and in the 5-Year-Plan Directive for 1986-1990.

Realization of a true, low-by-product economy demands the comprehensive utilization of modern key technologies, such as biotechnology, information- and communications technologies, etc., and of new or known chemical and physical processes and corresponding management and planning tools. It will only come through the unity of technical sciences, natural sciences, and social sciences and the concrete use of their results. And it is both a prerequisite and a product of the economic strategy of the GDR until the year 2000.

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## BRIEFS

**INEFFECTIVE SAFETY MEASURES**—In GDR industry, legal requirements for health and work safety are not met in "numerous cases," as the East Berlin Health Ministry conceded. The level of technology as well as the economic outlays for necessary restoration do not always allow companies the possibility of meeting labor safety regulations. In addition, there are "special cases" when formal fulfillment of legal requirements in a work place cannot be justified because of special conditions. Otherwise, "advanced work methods" would be hindered. According to the ministry, the infractions of work safety standards which the government must approve deal primarily with noise and pollution standards for the work place. According to the Dresden Central Institute for Labor Safety, the means of accident prevention in place in the companies are partially unusable. The Institute pointed out that 7.6 percent of all work-related accidents which must be reported happen to production personnel, although all the safety devices are available. It is reported that occasionally they are not used by companies because their inadequacy is known and their operation is complicated. [Text] [Bonn IWE WIRTSCHAFTSDIENST in German Vol 27 No 32/33, 19 Sep 86 p 2] 13071

**PREMATURE DETERIORATION OF HOUSING**—The East Berlin BAUZEITUNG has complained about "premature deterioration" of prefabricated housing in the GDR. Reportedly, it is specifically in industrial construction methods where many deviations from the norms of traditional construction took place. "Susceptible structures" have been created in this manner. This especially affects the building shells. According to the technical publication, there is little available knowledge about the process of deterioration of buildings and building elements. Likewise, there is no reliable information on the quality of building elements at the time of delivery or installation because of insufficient quality control at the plants. The journal pointed out that often only the obvious damage, such as fissures, cracks, leaks, moisture penetration, and the like, is seen. Many shortcomings which are hidden from view actually have a greater impact on the service life and energy economy of the structures. They can only be measured with appropriate test methods. [Text] [Bonn IWE WIRTSCHAFTSDIENST in German Vol 27 No 32/33, 19 Sep 86 p 2] 13071

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## EXTERNAL FACTORS IN 1986-1990 SOCIOECONOMIC DEVELOPMENT VIEWED

Warsaw GOSPODARSTWA PLANOWA in Polish No 7-8, Jul-Aug 86 pp 272-276

[Article by Zbigniew Kamecki of the Central School of Planning and Statistics (SGPiS): "External Factors in the Socioeconomic Development of Poland in 1986-1990"]

[Text] The subject of external factors in Poland's development is very broad and does not lend itself to full coverage in one article; therefore, I will restrict myself to presenting it in the form of expanded points.

In the present 5-year period, just as in the preceding one, Poland's socioeconomic development will continue to be very heavily dependent on external factors, particularly on the cost of servicing its foreign debt, and especially its debt in convertible currencies. In addition, a number of other external factors will have an impact, just as heretofore; these include the economic growth rate and situation of our economic partners, the directions of their economic policy in general and in relation to Poland in particular, and all of the changes that come about as a result of these factors: Changes in commodity volume and structure, changes in the direction of international trade, the evolution of prices on world markets, the evolution of the interest rate, currency exchange rates, etc.

1. In the CEMA countries, i.e., our main economic partner, we should expect a certain (although in the present 5-year period still not too great) acceleration in the rate of economic growth; in 1981-1985 it averaged approximately 3.0-3.2 percent annual—in 1986-1990 it should reach about 3.5-4.0 percent. This will have a stimulating effect on the growth of Poland's trade with CEMA countries, not so much by accelerating the growth of their demand for import as by increasing the potential of supply for export to Poland. In the CEMA countries the obstacle to the development of mutual turnovers is not the lack of demand for import (this demand generally is not fully satisfied) but reductions in export supply.

2. The factor which will stimulate our trade turnovers with CEMA countries will also be the gradual implementation of agreements on development of raw-materials and energy facilities, industrial coproduction, and scientific-technical cooperation, entered into in recent years (in CEMA as well as in bilateral relations with individual CEMA countries). In view of the need to

lay the groundwork for their implementation and the still-present barriers in the development of economic cooperation between CEMA countries, the "bottlenecks" which appear in their internal economy, the technological delays, the limited efficiency of the systems for planning and managing the economy, etc., it should be assumed that new agreements will not exert a more perceptible influence on Poland's trade with CEMA countries until the end of the present 5-year period.

3. The factor which will also affect Poland's trade with CEMA countries is the status of their balance of payments with capitalist countries. It is especially difficult in the case of Poland, but other CEMA countries (to different degrees, of course) will also experience difficulties in this area. This will be caused by the problems of ensuring a suitably rapid growth in volume of export (primarily for internal reasons) and also the striving to reduce the net amount of their debt to the West (except for Poland, where this will be impossible at least until the end of the present 5-year period) or to at least slow down its growth and reduce the costs of servicing it (although the latter will fall as the size of the debt decreases and the interest rate drops somewhat). In the case of the USSR, the deterioration in the balance of payments was caused by the drastic drop in crude oil prices which occurred in the last 2 years and was intensified (last year) by the decline in the exchange rate of the dollar (crude oil is sold mainly for dollars). Naturally this will produce greater interest by the CEMA countries in the development of mutual turnovers, including turnovers with Poland, although this interest will primarily pertain to import from Poland (but also, indirectly, to export to Poland as a way of ensuring this import).

4. In 1981-1985 the CEMA countries, and particularly the USSR, gave us important credit assistance. Thanks to it we were able to maintain a considerable surplus of import from CEMA countries over export to these countries. The result was a growth of debt to these countries (especially to the USSR), which totaled 5.8 billion transferable rubles at the end of March 1986.

In the current 5-year period, in accordance with agreements concluded with our partners, we will be able to maintain a surplus of import over export only during the first 2 years of this period; beginning in 1988 it will give way to a surplus (and a growing one, at that) of our export over import, so as to bring about a slowdown in the growth of our debt over the entire 5-year period (its payment will not begin until after 1990). This reversal of the trade balance will require great effort from our economy.

This effort will continue to increase because more and more weight is being attached in the CEMA countries to growth in management efficiency, acceleration of technical progress, searches for savings in raw materials, other materials and energy, as well as a growth in the population's standard of living. Therefore, an increase in quality requirements in relation to import, including from Poland, is clearly being noted. Over the long term this is a highly positive factor for our economy (because it will stimulate economic progress and technical discipline), but for the short term it may, in many cases, make it more difficult to implement the planned export.



5. The factor which may make it easier for Poland to reverse the trade balance with CEMA countries is the probable improvement in terms of trade with the USSR resulting from the drastic drop in prices of crude oil and some other raw materials which occurred recently on the world markets. In accordance with the rule, adopted in CEMA, that prices will be established on the basis of the incremental average of the preceding 5-year period, this last drop in prices will not be "carried over" to turnovers with CEMA countries until the present 5-year period.

6. It should also be expected that in the economically highly developed capitalist countries during 1986-1990 there will be some acceleration (although small) in the economic growth rate. In the first half of the 1980's it amounted to an average of less than 2 percent annually. It appears that in the period up to 1990 it may be 2.5 percent (possibly even slightly higher, but under 3 percent), because the new phase of the scientific-technical revolution requires large investment. Also, in the first half of the 1980's there were some delays in restititional investments in many fields (especially in Western Europe); in view of the drop in inflation there may also be some relaxation in the very restrictive, thus far, anti-inflationary policy (tendencies to reduce the discount and interest rate are appearing). It may also be assumed that there will be less instability and more realism in currency exchange rates (thus weakening the element of uncertainty connected with investment), etc.

7. Some acceleration in economic growth in capitalist countries will be caused by their increased demand for import, including import from Poland. This may exert a certain stimulating effect on our export only in the case of some raw and other materials and industrial or farm articles (if, of course, the growth of their export does not encounter barriers in our economy on the supply side. But in the case of many articles, especially industrial ones, our share in the markets of the capitalist countries (even if we take into account our main market among these countries, i.e., Western Europe) is completely marginal and is linked to other things rather than a change in their global demand. Therefore, it does not appear that an anticipated small rise in the economic growth rate of the highly industrialized countries during 1986-1990 will in itself increase our export. If we could offer a suitable quantity of goods of suitable quality we could export more of them even when the economic situation in these countries was not as good, and increase our share in their market somewhat. Anyway, this low share is something of a bargaining chip: In many cases it could be increased without creating the risk that protectionist measures against our export will be taken by the country importing from Poland.

8. In the next 5-year period the scientific-technical revolution in the capitalist countries will further intensify. Its directions are known: Development of new technologies of the biotechnology type, genetic engineering, production of high-quality new materials, further development and spread of computer science, development and expansion of microprocessor applications, automation, etc. All of this creates for Polish export new and much more difficult conditions for selling on the markets of the capitalist countries. The structure of demand in these countries will change. The share of high-technology articles will enlarge very rapidly and we will be left

behind. In the case of many more-traditional industrial articles, including those which we have already exported, quality requirements regarding up-to-dateness, reliability, ease of servicing, safety, etc., will be increased. Quickness in reacting to changes in demand, in methods used by competitors, etc., will also play a much larger role in the competition on this market.

9. We should also assume that despite a certain acceleration in the overall economic growth rate in the capitalist countries in 1986-1990, there will be no revival in those countries in the so-called "sensitive" industries, i.e., industries in which structural surpluses of production capacity appear (e.g., the textile or steel industry). Furthermore, it is possible that the list of these industries will be somewhat expanded, as has happened in the last 12-15 years. In effect, it seems we should not assume that the protectionist tendencies appearing in these fields will become weaker. This will have a negative significance for Poland because the "sensitive" articles in our export to capitalist countries constitute a relatively large share. The effects of Western protectionism can be weakened primarily by increasing the share of these articles in our export and by selecting our products, assortments and sales markets so as to avoid the barriers in access to these markets.

It happens very often that in the same group of commodities (e.g., textiles), some assortments encounter protectionist barriers and others do not, or a given product or its assortment encounters barriers in some capitalist countries and not in others. The situation changes with time, which makes it even more necessary to be able to operate flexibly.

10. The factor which complicates our export, and especially our industrial export to capitalist countries, is also the growing competition on this market from the developing countries, particularly those which are relatively well-advanced in industrial development. The processes of industrialization in these countries will continue, which will further increase competition. This happens in large measure as a result of the growth of costs of servicing the debt to the capitalist countries and the often unfavorable, in recent years, terms of trade. As a consequence, the balance of payments situation in many developing countries grows much worse; it forces them to try to export more, especially industrial articles. We should also take into account here that these countries, as distinct from Poland, benefit from the Universal Preference System on the markets of the capitalist countries. Already now the share of these countries in the industrial import of the capitalist countries is over 5.7 times higher than of the CEMA countries, while only 15 years ago it was only 2.8 times higher. It is wholly probable that this tendency will hold in the immediate future.

11. The factor which complicates Poland's import from capitalist countries will be the policy of so-called "strategic embargo", i.e., the policy of limiting, and sometimes even banning, the export of certain goods and technology to socialist countries, applied by the NATO countries (with the exception of Iceland). In recent years this policy has been clearly tightened. It is possible that if East-West relations improve, this policy may be somewhat eased, but it cannot be assumed that the NATO countries will abandon it in the near future.

12. On the other hand, the factors which are favorable to our foreign trade include the fact that as time passes and as Poland regains its position as an economic and political partner, our trade relations will gradually normalize and (with a certain delay and on a smaller scale) so will our credit relations with the capitalist countries. The interest of the Western countries in industrial export to the socialist countries, including Poland) will also act in our favor. This pertains particularly to products which are difficult to sell in the capitalist countries. Another positive element are the signs of a recovery of interest in renewal of some former coproduction ties and the making of some new ones. Existing trade traditions, trade contacts, etc., will play a certain part here.

13. There will probably be some, although slight, acceleration of economic growth in the developing countries in 1986-1990. But in making this statement we should not ignore the strong slowdown in the growth rate which took place in the first half of the 1980's. During 1981-1983 there was complete stagnation and not until 1984 and 1985 did a slight increase in growth occur, i.e., 3 percent and probably (because we do not have all of the statistics for 1985) 2.0-2.5 percent, respectively. It appears very likely that the growth rate in the last 2 years will hold or will rise only slightly (considering the needs of the developing countries, this is very low) in the next few years. It is true that factors will appear which will facilitate growth in the developing countries, but there will also be factors which will impede this growth. The first group of factors must include a certain, although slight, acceleration in the economic growth rate of the capitalist countries and also the postponement of debt repayments by the developing (countries and to some degree the interest on the debt), the decline in the interest rate on the international financial markets while the exchange rate of the US dollar fell, and finally the drastic drop in the price of crude oil (the latter also affects its importers).

14. The factors which hamper economic growth in developing countries include the growing debt to capitalist countries (despite the drop in the interest rate and the dollar exchange rate), a decline in prices of many raw materials (including crude oil), a reduction in the materials- and energy-intensiveness of the economies of the capitalist countries as a result of restructuring, which together with tendencies toward substitution of synthetics for certain raw materials and reduction of their per capita product consumption (stemming from technical progress), relatively reduces the demand for import of raw materials from developing countries. The growing protectionism of capitalist countries in relation to import of industrial articles from developing countries must also be considered. As a result, the developing countries will be forced in the next few years just as in recent ones, to reduce domestic demand, slow down the growth of import (in some countries even down to zero) and push export. The balance of payments situation in the developing countries does not bode a good future for the development of Poland's trade with these countries. Many of them will make their import from Poland dependent upon receiving credits (and our abilities in this respect are limited) and on their export to Poland. Nevertheless, it should be borne in mind that the developing countries differ widely and a commonality of interests can be found with many of them. In any case, it is no accident that in 1981-1984 the developing countries as a whole reduced their import 13



percent and their import from socialist countries grew 19 percent (anyway, this was the only group of countries from which the import of developing countries rose).

15. Despite the fact that the above-mentioned external factors will be very important to Poland's socioeconomic development in 1986-1990, unquestionably the most important external factor will be our debt in convertible currencies. The history of our debt and the servicing of this debt is generally known, so I would like to concentrate on the problem of how the debt problem will affect the Polish economy. At the end of March 1986 our debt in convertible currencies amounted to 31.2 billion US dollars. This year the debt will probably grow as a result of the further drop in the rate of the dollar. From March 1985 to the end of 1985 the dollar fell approximately 20 percent and it is anticipated that this year it will drop an additional 10 percent. Because approximately 55 percent of our debt is in currencies other than the dollar (and when it falls they count that much more in dollars), if the dollar were really to fall that much, by the end of 1986 our debt for this reason alone will grow by approximately 17 billion US dollars, i.e., to a total of 32.9 billion US dollars.

16. The current cost of servicing our debt is the result of two factors: the interest rate and the payments on the principal due in a given year. Because most of the loans were drawn at a variable interest rate (based on LIBOR or the American prime rate), the interest rate on the loan will depend in large measure on the current rate on the international financial market. In 1985 the average interest rate on our debt was about 10 percent (but in 1984 it was about 12 percent; its reduction in 1985 saved us over 500 million US dollars, which shows the enormous importance of a change in the interest rate). It is possible that in 1986 the average rate will drop to approximately 9 percent, which would give us savings amounting to about \$300 million. In this case, the interest alone would cost about \$2.8 billion. On the other hand, if the interest rate remains at its 1985 level, the instalments would be slightly over \$3.1 billion. To this we must add the payments on the principal due in 1986 as a result of agreements on the rescheduling of our debt, which amount to \$1.1 billion, of which \$550 million are instalments carried over—under an agreement with our creditors—from 1985. This gives us a total sum for servicing the debt in 1986 amounting to \$3.9-4.2 billion. Even if we were to deduct the instalment carried over from 1985, which was postponed as part of the agreement with the Paris Club on 1985 payments, there still would remain about \$3.4-3.7 billion to be paid. Similar amounts would have to be paid in the years that follow. Our economy would not be able to carry such an enormous burden (for comparison, it should be pointed out that our import from countries in the second payments area [capitalist countries] in 1985 amounted to approximately \$5 billion).

17. Under these circumstances it is sometimes said that we should unilaterally suspend the servicing of this debt and use the money to finance additional import and thus heal our economy as quickly as possible; after a certain time, when Poland is already on its feet, we can start paying again—obviously, in accordance with our ability to do so. Adoption of such a strategy would be catastrophic to the Polish economy. Such a unilateral solution would end by our announcing to our creditors that Poland is bankrupt,



which in accordance with the law in capitalist countries would mean that in many cases our assets abroad would be confiscated, including payments due us from exports to these countries.

18. Just as unacceptable are other solutions suggested by some Western "sovietologues" and journalists (not by bankers, of course), saying that Poland should reduce its import even more in order to accumulate a sufficiently high surplus to ensure that its debt will be fully serviced on a current basis. This, too, is not an acceptable solution because it conflicts with both the interests of Poland as well as its creditors. Our import from capitalist countries, measured in fixed prices, began to drop already in 1977 and despite the fact that in 1983 it began to slowly rise again, it is now (again in fixed prices) scarcely 50 percent of what it was in 1976. This is below the indispensable amount. As a result, it is very difficult to finance the essential import of supplies and spare parts for machines which had been imported earlier, which is the main reason why production capacity in our economy is not being fully utilized. Therefore, if import were to be reduced still more, there would be a further drop in domestic production, including production for export. Thus, instead of increasing the possibilities of servicing the debt, we would be reducing them.

19. I conclude from this that a solution to the debt problem should be sought through an increase in Poland's economic growth, i.e., by ensuring the necessary growth of import, domestic production, export, and as a result, growth in possibility of servicing the debt (with Poland's national income, import and export, at a higher level). In my opinion the only solution is to ensure that import grows in the amount indispensable to the economy and to try, through development of export, to achieve the highest possible favorable balance in goods and services. Poland had a surplus in this balance back in 1982, which is unquestionably a large achievement, because for the entire 1970's and the first 2 years of the 1980's this balance was unfavorable (in 1975-1976 it was \$3 billion a year, in 1977-1978 about \$2 billion, and in 1980-1981 it was \$0.8 billion a year). In 1985 this surplus amounted to approximately \$1.1 billion, which combined with net revenues (approximately \$700 billion) from services and payments on bank accounts and by using medium- and short-term credits obtained that year, would allow us to allocate about \$2.2 billion to service the debt (the remaining \$1.2 billion, as agreed-upon with our creditors, was postponed to later years, thus increasing the size of our debt). In 1986 the planned surplus of our trade balance is supposed to amount to approximately \$1.5 billion. It is also assumed that the surplus from services and payments to bank accounts will total about \$0.5 billion. Meanwhile, the sum which remains to be paid this year to service the debt will total (depending on what the interest rate will be) \$3.4-3.7 billion. Therefore, approximately \$1.4-1.7 billion dollars will be lacking to provide for full servicing. As to carrying over this sum to future years, we will have to negotiate this with our creditors. A similar situation may occur in the next few years of the present 5-year period. This means that our debt will increase further. And so, by the end of 1986 this debt, taking into account the effects of a probable fall in the rate of the dollar, after postponement of some of the payments due this year, will total approximately \$34.3-34.6 billion.

20. In future talks with our creditors, just as in recent years, Poland will demand that credit discrimination, of which it is an object, be eliminated. Poland is the only one of the large debtors which the creditor countries not only do not help to fulfill its obligations, but on the contrary, through their trade and credit restrictions actually make it more difficult. In connection with this, the question may arise: Why should Poland draw new credits and increase its debt? The answer is very simple: If we had new credits we could increase our import and, indirectly, our export, which would shorten the time needed to equalize the surplus of the balance of goods and services with the cost of the current debt-servicing. This would shorten the time at which a further growth of the debt could be slowed down, making it possible to reduce it accordingly. Therefore, new credits would be a far better solution than the present postponement of part of the servicing to future years. In the latter case, there would also be a growth in the debt, but it would not bring positive effects to our economy because it would be the result of capitalization of the interest. In the end we would be paying not only the installments and the interest on them, but also, and increasingly, interest on interest.

21. In its talks with its creditors, Poland should try to obtain better conditions for repayment of the credits already obtained as well as the newly drawn ones. The point here is a reduction in the interest rate and, in the case of credits carrying a variable interest rate, a reduction in the margin collected by banks over the approved base interest rate. What gives us hope here is the fact that the problem of indebtedness has become one of the main global problems throughout the world and if creditors do not make some concessions to debtors and if this problem continues to grow, it may create a serious threat to the entire international financial and foreign-currency system. But it does not appear, despite the global character of this indebtedness, that the creditor countries will agree to any kind of global, multilaterally negotiated solution. These countries, for obvious reasons, will prefer to search for solutions with each debtor separately. But pressure from these debtors (both jointly and separately) may force the creditors to make certain concessions, especially because the latter know the threat that a worsening of the debt problem on the world scale creates for them. Therefore, this dialogue between debtors and creditors must be closely followed because it can bring us some benefits, although, in view of the difference in the political system of our country, we should not expect that certain benefits will automatically accrue to Poland.

22. Although under the present circumstances it is necessary to postpone part of our payments, because it is in our interest to ensure the national economy an indispensable growth of import, as little as possible should be carried over to the future. The way to do this is through a rapid growth in export which, while ensuring an essential growth of import, would also hasten the day when further debt growth ceases, followed by gradual reduction to a reasonable size.

23. The debt trap into which Poland has fallen exerts, and will continue in future years to exert, a negative impact on our economy not only by reducing the growth rate of import but also by reducing the growth rate of the divided national income in relation to the generated income, thus by reducing the

growth rate of personal incomes. The surplus of export over import, necessary to service the debt, also makes it difficult to control inflation. If this year we allocate approximately \$2 billion to service the debt, at the present rate of the zloty this will mean that an additional 350 billion zlotys will flow into the domestic economy.

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## DLUGOSZ ON RESTRUCTURING FOREIGN TRADE IN 1986-1990 PLAN

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[Article by Stanislaw Dlugosz, Undersecretary of State in the Planning Commission: "Restructuring with Respect to Foreign Trade in the Draft Plan for 1986-1990"]

[Text] The monograph by A. Karpinski, "Restrukturyzacja gospodarki w Polsce i na swiecie" [Restructuring the Economy in Poland and in the World] (Footnote 1) (Warsaw, 1986, p. 20) attempts to define the notion of restructuring.

"Broadly defined, the process of restructuring means structural changes in the material basis of society, bringing about an increasing role of all the structural elements which are modern and, as a rule, more efficient than the arrangements to date. This is frequently accompanied by more efficient solutions in the system of managing the economy, a more favorable cost-benefit ratio and, consequently, progress towards more rational and efficient arrangements than heretofore in meeting human needs. At issue, therefore, is "gradual transformation in the scope and proportions of output, methods of production, ownership arrangements, and systems of management." The issue of how to initiate, promote, and accelerate the processes of restructuring in practice has become in recent years one of the most controversial problems of political economy, and especially of growth theory."

From the standpoint of foreign trade, restructuring may be interpreted as the economy striving to obtain a considerable share of national income (gross national product) through efficient exports. An increase in income is secured in this case by creating and using production potential which exceeds the needs of the national economy considerably or severalfold. (Footnote 2) (This is the definition used by the experts of the Planning Commission of the Council of Ministers.)

Restructuring of industry involves a sequence of phenomena developing in the intellectual, social, and material sphere. Our difficulties in developing a program of restructuring, and its subsequent consistent implementation are due to three reasons. Firstly, previously the need for repatterning production structures rapidly was not that pressing in Poland. Secondly, this process is occurring at a time of protracted economic difficulties, in an environment of a continued Western policy of financial restrictions and technology embargo



against Poland, imposed by some market economies, pursuant to the so-called "Declaration on Events in Poland," made by the NATO on 11 January 1982. This necessitates outlays on adaptation processes which are not always the most rational from the point of view of freely developing international economic cooperation. It should be recalled on this occasion that the statement about Poland not having a clearly defined, specific need for investment loans from abroad is untrue. Such a program, realistic in scope, does exist. It includes clearly defined investment projects, primarily in machinebuilding and the chemical industry, and it respects the principle of full contractual securing of repayments by deliveries from the enterprise built with the loan.

Unfortunately, thus far Western states are not enthusiastic about these suggestions, though we are registering some slow evolution. Fortunately, very vigorous development of cooperation in machinebuilding and the chemical industry, as well as in science, among the countries of the socialist commonwealth is offsetting this negative disposition of Western partners.

Thirdly, while implementing the plans for restructuring, we must simultaneously resolve an issue as difficult as, for example, restraining investment projects started hastily in the 1970s. Restoring order in such projects will be a burden on the economy for at least 3 more years. This means that until 1988 there will be obstacles to beginning new large-scale investment projects especially needed to enable our industry to keep abreast of scientific and technical advances and modern technologies. At the same time, the Polish economy must vigorously counteract the depreciation of fixed assets in sectors which did not receive preferences in the 1983-1985 plan.

As was stated above, processes of restructuring occur in, among others, the intellectual sphere. "In determining directions for a proper solution to structural problems, it must be understood that there are no simple macro-scale indicators pointing to desirable directions for structural changes. It is not possible to conceive and develop a model structure, expecting it to be modern, supportive of innovations, export-oriented, capable of meeting the development challenge of the contemporary world, and one which ensures high efficiency of all factors of production. Practical usefulness of such postulates is negligible. Our task is not to provide a one-time answer as to what the structure should be at maturity, but primarily to create objective mechanisms which would be capable of shaping it, and which, to a degree, would enforce such a structure. Therefore, studying structural problems in close connection with the developmental mechanisms of a socialist economy is one of the supreme methodological imperatives." (Footnote 3) ("Issues of Changes in the Socio-Economic and Spatial Structures in Poland" - a collective report prepared for the 3rd Congress of Polish Science under the direction of J. Pajestka.)

The words "in the intellectual sphere" also mean the domain of innovative adjustment by scientific institutions, administration, and enterprises in order to vigorously promote, encourage, facilitate, and implement structural shifts.

It was also mentioned that processes of restructuring occur in, among others, the social dimension. "Restructuring is a highly complex and long-term

economic process with many difficult social ramifications. It embraces an array of actions such as installing more up-to-date equipment, introducing new technologies and products, expanding currently operating modern enterprises and even building new enterprises, introducing automated lines and robots. However, restructuring also includes considerably more complex social ramifications, such as the necessity to eliminate obsolete products and technologies and, therefore, to halt existing operations, repattern them and retrain the workforces." (Footnote 4) (Speech by PZPR CC Secretary M. Wozniak, TRYBUNA LUDU, 1986, 14 March.)

Finally, restructuring of industry must run its course in the material aspect. It involves a full cycle of operations from scientific research, through modernization or new investment projects all the way to industrial-scale implementation and sales.

The absolute necessity of large-scale restructuring in Polish industry as a means to adapt our products for export markets results from both problems with the quality and modern design of our manufactures and the general structure of our exports. A desirable breakdown is found in the structure of export to socialist countries. It means that products of machinebuilding account for over 60 percent of total exports, whereas this share in exports to capitalist countries barely comes up to 20-21.5 percent. After all, this is the main sector for the development of our exports, due to limited opportunities to increase exports of raw materials, fuels and agricultural products.

While implementing export-oriented restructuring, we should remember that our enterprises are currently not aggressive, nor do they have a pro-export attitude. With minor exceptions, exports are still not a matter of life and death for the producer. This is confirmed by the share of output for export in total output, ranging between 12 and 14 percent annually, as well as by the fact that about 300 enterprises producing for export are responsible for 75 percent of all exports.

In mid-1986, the Planning Commission surveyed exports to the 2nd payments zone [capitalist countries] by 2,366 manufacturing enterprises in 1983 through 1985. The study shows that in 1,057 units export declined considerably in 1985 compared to 1984. These enterprises account for 45 percent of all enterprises surveyed. Out of those, 284 enterprises (12 percent) altogether stopped exporting. Among them, there were 24 enterprises with annual exports of over \$1 million in the years past. The remaining 1,309 enterprises registered an increment in export, including 264 enterprises which commenced exporting in 1985. The rates of growth vary in the group of enterprises where exports trended up. In 450 enterprises (19 percent), export grew by more than 10 percent in 1985 over 1984, out of which in 277 enterprises (12 percent) such a trend was maintained since 1983.

In the years past, prior to preparing the draft national socio-economic plan, the Planning Commission undertook several studies of issues in export specialization as a condition for export-oriented restructuring. The present status was analyzed and plans for the future were drawn on this basis. Research materials prepared for this purpose include:

- Report on the State, Directions, and Methods of Developing International Specialization of Production in the Polish Economy (September 1982),
- Outline of the Concept and Program for Export-Oriented Transformation of the Economy and Restructuring Export Production Before the Year 2000. (July 1984),
- Suggestions on Sectors of Export Specialization (December 1984).

The monographs enumerated above are but a few of the studies on this subject. Also, many scientific research papers have been published, primarily by the Institute of Trends and Prices [in Foreign Trade] and the Institute of National Economy.

Little clear-cut distinction was made between the notions of restructuring and export specialization in the studies prepared before it was suggested to incorporate the concept of restructuring arrangements and their implementation in the national socio-economic plan. These two notions were used almost interchangeably, disregarding the difference between them. The shortcomings of such an approach resulted primarily from accepting the premise that sectors or even products of specialization can be assigned from the center. Indeed, a list of 22 specialization proposals was drawn up. Some of the items on it may have been correct, e.g. cables and cords, furniture and woodwork, machinery and equipment for construction, road maintenance and land reclamation, products of the distillery and yeast industry, bearings, instruments, power station machinery and equipment, commercial crystal, computer systems and electronic computer equipment, machinery and equipment for food processing, pharmaceuticals, machine tools and metal-working equipment and cosmetics and perfumes. At the same time, more attention than our balance-of-payments situation warranted was concentrated on selected producers, whereas under our conditions as many producers as possible should be encouraged to export efficiently. Finally, specific opportunities for developing cooperation with the socialist countries were not adequately considered. This was a result of, among other things, the lack of procedures for long-term plan coordination, to which, as is known, we fully returned only for the 1986-1990 5-year period. However, these continuous studies also had many benefits which made it possible to focus on a broad scope of restructuring issues, including export-oriented restructuring, in the draft national socio-economic plan for 1986-1990. Among these aspects, we should mention asserting the principle that export specialization should involve [individual] products rather than broad product aggregates. Also, criteria for export specialization in industry were outlined. The following were regarded as definitive criteria: a) volume of exports, b) sales potential, c) evaluation of feasibility of production increases by analyzing factors of production. On the other hand, general criteria were outlined at the same time, such as: a) feasibility study in current and currency prices, b) indicators of energy and material-intensiveness of products, with emphasis on processing domestic raw materials, c) participation in long-term agreements (CEMA, compensation or barter agreements). In addition, specific criteria were accepted, offered in principle by the producer-exporter and either bolstering or weakening the indications of definitive and general criteria.



These criteria should be quantifiable in order to make possible comparisons of indicator changes over time.

Besides, it was expressly stated that the need for export-oriented restructuring and specialization should be primarily a consequence of the interests and development needs of enterprises themselves. It should be aided by specific activities of research facilities and the central administration. This was emphasized especially in the draft national socio-economic plan for 1986-1990. Devices for encouraging restructuring in enterprises were designed in keeping with the above.

A considerable number of proposals on incentives included in the above-mentioned "Report..." of September 1982 have already been implemented, such as ruble allowances, introducing preferential taxation and credit, interest on the ROD [retained hard-currency allowances]. Other proposals, including creation of the so-called "Club of Exporting Producers," are currently under consideration.

The issues of export-oriented restructuring in their entirety are presented in the draft national socio-economic plan for 1986-1990. They are particularly prominent in the text of the draft national socio-economic plan for 1986-1990 (preliminary draft of April 1986), especially in chapter 4 entitled "Directions of Structural Changes in the Economy." It was stressed in that chapter that such changes will consist primarily of accelerated development in sectors and branches producing highly upgraded and low energy and material-intensive manufactures. This should be accompanied by wider application of modern, productive, and efficient equipment and technologies, including those imported. The share of output for exports in the manufacturing industry should increase, primarily due to enhanced specialization. We should strive to use domestic raw materials to a greater extent and improve the degree of their upgrading.

The following goals for industry included in the preliminary draft of the national socio-economic plan for 1986-1990 are a specific example of such proposals being implemented:

- an increase in product sales by about 16 percent and an increase in net product by about 20 to 24 percent as a result of reduced costs of materials,
- a reduction in material intensiveness of production by 7.5 to 9.5 percent, and of energy intensiveness - by 8.8 to 10.8 percent,
- an increase in production for export by about 28 percent, outpacing the overall rate of production growth, and an increase in consumer goods production by about 19 percent,
- a perceptible increase of the combined share of machinebuilding and the chemical industry in total industrial production from 32 percent in 1985 to about 35 percent in 1990, with a tendency for further growth (in machinebuilding, production will grow by 25 to 26 percent, and in the chemical industry - by 23 to 24 percent).



Issues of restructuring are treated at length in "The Program of Measures Facilitating Structural Changes," which constitutes appendix no. 2 to the preliminary draft of the national socio-economic plan. This document underscores the links between restructuring and the development of science. At the same time, it affirms the principle that restructuring arrangements will result from the actions by the center and independent decisions by enterprises.

The draft plan also incorporates a program of measures creating a raw material base and supply of subassemblies, i.e. meeting the needs of the entire economy. Proposals for measures in the sphere of supply and investment projects were developed with the same goal in mind. It should be stressed that in the first two categories 17 out of 25 measures meet the basic criteria for export feasibility, whereas in the third category, 12 out of 19 measures meet it. Directions were set forth for devising the arrangements instrumental in promoting export-oriented actions deemed necessary from the standpoint of the general socio-economic interest as defined in the draft national socio-economic plan. A document entitled "Arrangements for Managing the Implementation of the National Socio-Economic Plan for 1986-1990" was prepared within the framework of the preliminary draft plan. A long-range bilateral and multilateral process of negotiations, such as coordination of 5-year and long-term economic plans, is an efficient device for the restructuring of industry in relations with the states of the socialist commonwealth whose interpretation of and approach to such restructuring are similar to ours. Socialist countries assign priorities to the development of economic sectors, including industry, set the rate of growth for reciprocal deliveries, optimize cooperative and specialization endeavors, find investment solutions to greater energy, raw material, transportation and supply problems through coordination, which has become a continuous process. They consult with one another on their specific methods of planning and management of the national economy. Also, coordination of economic policy measures has been initiated. Beginning in 1984, i.e. after the meeting of the leaders of socialist states in Moscow, the issue of accelerated development and fostering scientific, technical and technological progress, has acquired special significance and has even come to the forefront of interests in the overall cooperation of CEMA members. This topic was on the agenda of the 41st CEMA Session in December 1985.

From the Polish point of view, long-range programs of economic, scientific, and technical cooperation play an important role in the process of restructuring. We should recall that, in our commonwealth, we were the ones who promoted and conceived them. Through such programs, not only specific undertakings in, among other things, the restructuring of industry are coordinated with individual socialist countries, but also detailed schedules of their implementation.

The emphasis we are placing on comprehensive development of economic cooperation with the countries of the socialist commonwealth after the experience of 1980 through 1982 does not indicate reluctance or lack of preparation to develop cooperation on a partnership basis with other states along the guidelines affirmed in the Final Act of the Conference on Security and Cooperation in Europe.

The results of cooperation with the states of the socialist commonwealth on the restructuring process are apparent in the following cases:

1. Turnover in machinery and capital equipment will grow in the years 1986-1990 at a rate almost twice as high as the total trade turnover, the increment of cooperation and specialized turnover being very high, but still unsatisfactory if compared to the results achieved by other socialist countries.

2. Cooperation, especially with the USSR, in modernizing and expanding 11 investment projects provides for favorable loans of 675 million rubles and \$43 million by virtue of "The General Agreement between the Government of the People's Republic of Poland and the Government of the Union of Soviet Socialist Republics on Cooperation in Creating New Production Potential and Completing Construction of Existing Enterprises in the Territory of the People's Republic of Poland" of 19 February 1986. Cooperation involves primarily machinebuilding and the chemical industry and projects such as, for example, expanding production of self-propelled hydraulic cranes with lifting capacities of 25, 40, 63, 100, 160 and 250 tons, and accessories for them; expanding production of bridges for heavy cranes and excavators in the Stalowa Wola Combine, reconstructing and expanding repair shipyards, completing construction of the "Krywald-Erg" enterprise in Zory, which is to produce veneer for the furniture industry; completing the construction of a woodworking enterprise in Tuchola.

3. It is expected that highly efficient mixed enterprises will be established in cooperation with the countries of the socialist commonwealth. Such enterprises include the already existing "Petrobaltic," "Haldex," the Zawiercie Spinning Mill and 5 newly formed joint enterprises with Soviet participation.

4. An array of large-scale long-term undertakings were set up in the process of plan coordination with the socialist countries. The following are examples of such cooperation with the USSR: the Yamburg gas pipeline ensuring deliveries of gas to us over 20 years, production of stainless steel, production of a 3.5-ton delivery truck, production of a modern color TV set.

Agreement on the development of the automobile industry is an example of similar cooperation with the People's Republic of Hungary.

The Law on Companies with Foreign Participation, passed by the Sejm on 23 April 1986, is significant for the processes of restructuring in relations with the capitalist countries. However, its provisions may also be used as an instrument of export-oriented restructuring in relations with the socialist countries.

Minister of Foreign Trade A. Wojcik, presenting the draft law favorable for foreign investors, argued as follows: "As a rule, the basic goal of the country--recipient of the capital is to increase the capability of the economy to invest and, therefore, to promote economic growth. Joint ventures are a convenient and efficient channel for the influx of the most up-to-date technical achievements and organization and management techniques from the

outside world. Such a venture often opens new opportunities for exports to markets thus far inaccessible. These are the main premises which the government had in mind when preparing this draft law. Specifically, joint ventures could facilitate utilization of spare production capacity in Poland and development of export-oriented manufacturing." (Footnote 5) (TRYBUNA ILIU, 1986, 30 January.)

However, it should be assumed that this new channel of technology influx will open up quite slowly due to the initial mistrust by Western partners. This can be counteracted by accelerating the signing of contracts on the protection of investments and capital committed with our largest capitalist partners. Since we are on the topic of contractual regulation of economic cooperation with Western states, it should be stated that we must undertake very vigorous actions with a view to normalizing financial, credit and contractual cooperation, in light of the failure by the NATO to date to retract "The Declaration on Events in Poland" of 11 January 1982. In this manner, we should weaken the technical and technological embargo practiced by the West. In this reference, it appears that we should return to certain contractual forms which used to be quite efficient in defending our interests in the not-so-distant past, e.g. intergovernmental agreements affirming long-range contracts on cooperation and specialization; specific arrangements for financial and credit cooperation which facilitate the development of cooperation and specialization, as well as import and customs agreements granting actual import and tariff preferences for exchange due to cooperation or specialization.

The Bank for Export Development, set up in 1986, will become an institution taking advantage of opportunities for export-oriented restructuring both inside the country and abroad. The goal of the bank will be to accumulate funds (in zlotys and hard currency) and to extend credit for investment projects and other undertakings by the units of the socialized economy, aimed at increasing export proceeds or improving the efficiency of export.

An improved institution of government orders will be yet another arrangement in restructuring. Guidelines for this are contained in appendix no. 4 to the preliminary draft national socio-economic plan for 1986 through 1990. Government orders will become more important in performing tasks bringing about structural changes, ensuring increased economic efficiency, especially in the sphere of reducing energy- and material-intensiveness of production, starting up production of modern goods using the most up-to-date technologies, and, notably, increasing profitable exports of highly upgraded products. The longer term of validity of government contracts will stabilize the conditions in which enterprises operate and will provide for a more rational utilization of hard-currency funds, as well as R&D and investment projects, which improve the quality of products and overcome obstacles to the growth of output. This will be accomplished by gradual introduction of comprehensive long-range government orders, which will integrate the implementation of measures bringing about structural changes and provide a link between orders for R&D and orders for investment projects and products.

Improvements in the system of government orders and operational programs should encourage enterprises to suggest highly efficient implementation,



investment and production projects. Filling government orders will be supported by guaranteed supplies and allocation of hard currency funds, as well as by financial preferences where necessary.

As we underscored above, changes in the course of the restructuring process will result from actions, or rather joint actions by both the central economic authorities and individual enterprises. Due to this, the action of central economic authorities will be based primarily on using economic instruments (tax reductions, subsidies, preferential loans, guaranteed allocation of machinery and equipment in short supply, wage preferences etc.) in order to ensure the implementation of certain undertakings in, among others, research, technology and start-up of modern materials' and goods' production. An example of tax reductions may be found in the provision of the above-mentioned law on companies with foreign participation (article 30), which states that "for every 1 percent of the share of the value of exports in the value of sales of goods or services, the company is entitled to a tax reduction by 0.40 percent." Another example of tax reductions is found in the fact that from 1986 on, export preferences, i.e. reductions in the income tax and tax on above-the-norm growth of remunerations, have been differentiated depending on the degree of product upgrading and on the efficiency of exports. Preferences for highly upgraded products are approximately three times higher than for raw material items. Beginning in 1986, reduction in income tax on foreign trade organizations is granted, if the funds so saved are transferred to producers embarking on export-oriented investment projects.

Reduced amortization contributions to the central budget will be used to create conditions for speeding up modernization and structural changes in the economy. These preferences should be granted to enterprises carrying out self-financed investment projects, not exceeding 24 months under construction in the case of reproduction and modernization projects and not exceeding 36 months in the case of development projects resulting in increased productivity, reduced material and energy-intensiveness of production and its improved quality, as well as in increased production of goods and services specified by the Council of Ministers. Additional reductions in amortization contributions to the central budget may be granted for investment projects aimed at increasing particularly profitable exports.

Preferential treatment of wages will be granted to enterprises producing for export. For the purposes of calculating taxes on wages paid above-the-norm, these enterprises will reduce the amount of wages by a ratio between the equivalent of 5 to 20 percent of the amount of wages exempt from taxation (depending on the commodity group and destination) and the share of export sales in contract prices in the overall value of product sales in sales prices less the turnover tax. Reductions in tax on above-the-norm payment of wages will be tied to the efficiency of exports. The feasibility of setting up additional remuneration incentives, compensating for higher labor intensiveness and risk, and stimuli in the form of increasing the ceiling of wages exempt from taxation by no more than 10 percent, should be considered in the case of enterprises where the share of export sales in overall sales (in sales prices) exceeds 50 percent.

Preferences for export-oriented investments should become an effective device for export-oriented restructuring of industry. In this instance, we are referring to the so-called "small restructuring." For enterprises embarking on and carrying out investment projects aimed at increasing the export of goods and services, order No.17 of 20 February 1985 by the ministers of finance and foreign trade and the chairman of the National Bank of Poland introduces preferences in income tax, reductions in amortization contributions to the state budget, preferential investment credit, and also presents again the opportunity to transfer funds for export-oriented investments among enterprises. Reports to the minister of foreign trade state that several dozen producers have already been granted the above facilities.

The draft national socio-economic plan acknowledges scientific-technical progress to be one of the main factors in the socio-economic development of the country. Economic cooperation with foreign countries is going to be an important channel for the influx of modern developments and incentives for innovation. However, in this matter we do not see a greater development potential in relations with the capitalist countries over the coming 5-year period, due to persistent balance-of-payments problems hampering imports of capital goods, continuation of technical and technological embargo by the main Western states, largely under US pressure, and reinforcement of neoprotectionist practices impeding the development of cooperation and specialization undertakings.

This is why we should primarily concentrate on using broad cooperation with the socialist commonwealth, primarily with the USSR, the GDR, Czechoslovakia, and the HPR in the policy of restructuring. These countries have not encountered such disturbances as the Polish economy, despite the stage of slower economic growth in the early 1980s.

If we approach the policy of restructuring as a conscious choice of sectors on which the overall development of the economy hinges, then we are dealing with a great number of options in the macro scale, both in the entire national economy and the multilateral CEMA agreements. In Poland, same as in other countries of the socialist commonwealth, issues of key significance to the economy at large were incorporated into "The Comprehensive Program for Scientific-Technical Progress in CEMA Member Countries Until the Year 2000," adopted by the 41st Extraordinary Session of the CEMA (Moscow, December 1985). These topics, designated as general economic priorities, are currently being worked on within the framework of long-range bilateral and multilateral coordination of scientific and technical cooperation and brought to the stage of intensive implementation by way of specific understandings, agreements and contracts. It appears that the development in these sectors currently underway in the USSR and some other CEMA countries may become a significant--and, in our economy, badly needed--factor in exacting quality, in the absence of which export-oriented restructuring would be very slow. Whether we use effectively the instruments, of which an adequate number are available to us, depends on us.

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## ANTI-MONOPOLY LAW DEBATES TO CONTINUE IN SEJM

Warsaw RZECZPOSPOLITA in Polish 22 Dec 86 p 5

[Article: "The Work of the Sejm: On the Anti-Monopoly Law"]

[Text] The need for an antimonopoly law came up in discussions on amendments to certain economic laws (the Sejm had already ratified them). We have learned that they are to be brought up in sessions of the Sejm in January, in keeping with the results of the work of parliamentary committees.

The need for such a bill already came up loudly during the eighth term of the Sejm. During the first period of his activity, government premier Messnera sent the marshall of the Sejm a draft bill to counteract monopolistic practices in the national economy. It was read for the first time in the Sejm at the end of last January.

Hence, the work is going slowly. A PAP reporter was told by Deputy Krystyna Jandy-Jendroska, chairman of the subcommittee, that at first there were various viewpoints as to whether the antimonopoly body provided for in the draft was to be a government body or as proposed in the subcommission.

Finally the subcommission came to the conclusion that it should be an administrative body (because then its decisions would be subject to court supervision and control), and a supreme body at that. The government proposed that it be the minister of finance. The deputies felt that combatting monopolistic practices should not be added on to other functions. The subcommission is therefore presenting two variants: a separate supreme body of the state administration (the government's counterargument is that this would mean increasing the number of supreme bodies) or entrusting these affairs to the minister of finance, but with a separate special office under him to handle these affairs. The variants will be presented to the Sejm commissions at the beginning of January.

Sanctions for monopolistic practices are an issue on which there is a difference of opinion. The draft provides sanctions for state enterprises different from those for cooperatives or private firms. They subcommission deputies feel that they should all be the same.

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## INITIAL RESULTS OF JOB CERTIFICATION PROCESS REPORTED

Warsaw RZECZPOSPOLITA in Polish 6-7 Dec 86 p 1, 5

[Article: "Certification Process Begins: First Results"]

[Text] (From our own sources) The initial findings of a pilot review of jobs conducted in 45 enterprises of nine ministries served as the point of departure for discussion at the first session of the Group on the Certification and Modernization of Organizational Structures in Enterprises. This group is one of the problem groups of the Party- Government Commission for the Review and Modernization of Organizational Structures of the Economy and the State created at the Tenth Party Congress, and Docent Leslaw Wasilewski, commission secretary, attended the sessions.

The pilot review included 2,046 jobs, which make up from 1 to 8 percent of the employees working in enterprises selected. Despite the small scope, it is the opinion of the enterprises that the results of the pilot survey will make it possible to improve upon the necessary methodical models initially adopted in spreading the certification process. Questionnaires were also circulated on the subject of certification. The survey supports the dry statistical results of the review. According to the statistics, 432 jobs have been conditionally certified, exact data are missing on 253 jobs, and 123 did not gain certification, which means that they should be eliminated.

The rest fall within the standards.

On the other hand, according to the opinions expressed in the enterprises, it will be a slow, difficult task to make the whole process universal, mainly owing to the fact that the standardization and organization services are in an incomplete state and that there is no standard base or models for comparison. Like the results of the OBOP [Public Opinion Research Center] research, the results of the pool also show the reserve with which this social initiative is being met in a substantial percentage of the plants, but in this regard the discussion also included some optimistic notes.

Prof Zygmunt Zbichorski, chairman of the group, and Janusz Patorski, economic secretary of the PZPR Voivodship Committee of Warsaw, drew on some direct examples taken from life (Warsaw, Bydgoszcz, and Tarnow Voivodships) and spoke of how some of the enterprises had shown significant interest in the way the

management of work could be upgraded as one of the means for improving effectiveness.

Although the group should work to eliminate the mistrust that exists and avoid the danger of "fruitless running," as they said, and help enrich the content of the efforts undertaken to upgrade structures, up until now they have been reduced to reviewing jobs. Prof Antoni Rajkiewicz came out in favor of using a deeper analysis of the results of the pilot project to modify the initial directives and warned against allowing the whole venture to drown in a sea of worthwhile goals. Prof Janusz Tymowski, honorary president of NOT, noted that the job review may not produce much unless a review is made of the goods produced in the branches of industry and of how modern they are, along with more general reviews of whole technological processes, to answer the question of what role we find ourselves in as an economy, in what respect we are behind the world, and what we should do to reduce the distance between our economy and the world.

Two categories of matters were considered to be priorities: providing personnel to raise the level of organization of work in the enterprises and to handle it methodically, and making the standards base orderly and complete. In this light, attention was given to the need to change the doctrine of development in higher education in terms of including within the theory of the organization of the socialist enterprise the need to reactivate work standards and organization services throughout the economy.

The subject of the group's next sessions will be a draft law on this subject (it has already been prepared). The working plan was adopted, and the group's board was created. It will consist of the following people: Janusz Patorski, secretary of the PZPR Warsaw Voivodship Committee; Janusz Pawlowski, undersecretary of state in the Ministry of Labor, Wages, and Social Affairs; and Ryszard Bryk, undersecretary of state in the Ministry of Metallurgy and Engineering Industry.

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## TECH TRANSFER PROBLEMS DISCUSSED AT ECONOMIC SOCIETY MEETING

Warsaw ZYCIE WARSZAWY in Polish 4 Dec 86 p 2

[Article: "PTE Meeting: We Shall Not Run Away From Licensing"]

[Text] (From our own sources) In many areas of technology and the economy, the world has gotten away from us, a long way. Using our own forces alone, it would be difficult to catch up with the best ones, even within the socialist camp. It is essential to import technology. After all, every country avails itself of this method, even the superpowers.

The needs in this area are tremendous. Owing to the problems with the balance of payments, the possibilities are limited. What then to choose? What sort of areas should be singled out? And how to pay for such a transfer of technology? Right away it must be said that no entirely satisfactory answer to these questions was found at the meeting of the Polish Economic Society on 3 December. It could not be otherwise, however, inasmuch the enormous differences of opinion were not limited to an evaluation of our technology import policy of the 1970's. It was worse than that. Some parties to the discussion could not agree on the facts. Therefore, I do not know whether Poland bought far more licenses during the past decade than other socialist countries (except the USSR) but simply did not know how to utilize them properly, or whether, on the contrary, the purchases were relatively modest and produced significant results.

The line dividing the people in the discussion was rather clear. Scholars were rather critical of past achievements, which were defended by the representative of the Office of Scientific-Technical Progress and Inculcation. Fortunately the talk was not limited to the past, which, without its being assessed, is only to help us in future undertakings, provided wise decisions are made.

This is all the more essential in that during the past few years Poland has practically stopped utilizing domestic technical ideas. During the past 5 years we have bought only 6 minor licenses from the West. At the same time, our share of world exports of goods involved high-level technology has amounted to 0.15 percent. We are taking on the role of a raw-materials country, which, to make things worse, does not have all that large a supply of such raw materials.



Of course, we must not be chaotic in importing licenses. There must be sound criteria: to insure technical and cultural progress, to save energy and raw materials, and finally, for new products to be sufficiently competitive on the free-currency markets. One of the criteria must apply, or, better yet, all of them at once.

Some of the parties to the discussion saw the utilization of trade forms different from the traditional ones as an opportunity to increase technology transfer. There was talk about companies with foreign capital, coproduction, leasing, and joint ventures. The representative of the Office of Scientific-Technical Progress and Incubation stated that after years of drought in the country, a tremendous rush for new buying has begun, and at the same time there has been a clear increase in offers to sell Polish technical designs to other countries. It may be that the discussion at PTE contributed to at least some extent to the development of new, cohesive principles of licensing policy in our country, because up until now we have also been having a lot of difficulties with it.

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**ELECTRONICS INDUSTRY COOPERATION WITH CZECHOSLOVAKIA**

Warsaw RZECZPOSPOLITA in Polish 13-14 Dec 86 p 1, 2

[Article: "Cooperative Efforts in Electronics: Signing of Agreement Between Poland and Czechoslovakia" by Milan Kubak.

[Text] On 12 December an intergovernmental agreement was signed between Poland and Czechoslovakia concerning cooperation in the electronics industry in 1986-1990.

The document provides for undertaking joint activities aimed at the development of mutually beneficial cooperation in production and at production specialization and coproduction, as well as the conducting of scientific and technical projects. Concrete areas of this cooperation include ceramic and quartz semiconductor subassemblies, products of vacuum technology, specialized technological and measuring equipment, materials for electronics, specialized computing technique equipment (or computer equipment), and finally, the thing that most interests average inhabitants, electronic equipment for general use.

The agreement also provides for the two countries to coordinate buying licensing for electronics.

The scope of cooperation and mutual deliveries is described in separate agreements on the exchange of goods, production specialization and coproduction, and a general outline of scientific and technical cooperation, all in an appendix to the basic document.

The document was signed by Janusz Maciejewicz, minister of metallurgy and engineering industry, and by Milan Kubat, the Czech minister of the electric machine industry.

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## POLISH, BULGARIAN, HUNGARIAN CLAIMS TO MOLDAVIA CITED

Bucharest KRA SOCIALISTA in Romanian No 17, 10 Sep 86 pp 23-25

[Article by Univ Prof Dr Stefan Stefanescu: "Horizons of a Glorious Reign"]

[Text] It is now 600 years since the accession to the throne of Wallachia of Prince Mircea the Great, the brilliant national leader and troop commander and illustrious symbol of the Romanian people's will to live in freedom and independence. His long and glorious reign from 23 September 1386 to January 1418 was a period of consolidation of the state organization as well as one of development of the national economy, intensification of the Romanian people's struggle to defend their national freedom, unity and independence, and advancement and development of Romanian culture.

Celebration of the 600th year since Mircea the Great ascended the throne conforms to the policy of the RCP and its secretary general Nicolae Ceausescu of honoring personalities and events representative of Romania's past and of drawing upon the treasury of great lessons of history in the extensive effort to indoctrinate the generations of today and tomorrow in the spirit of socialist patriotism and a sense of responsibility for the present and future of the nation. Repeatedly recalling the Romanian people's great battles led by Stefan, Mircea and Michael as well as other legendary patriotic princes, Nicolae Ceausescu called them "pages of undying glory in the chronicle of national freedom and independence," lending luster to the Romanian people's long and heroic history, "throughout which the flame of battle for freedom and independence, for riddance of exploitation and oppression, for full and unrestricted assertion of their creative genius, and for Romania's progress and civilization burned ever bright."

Romanian society and political-state organization developed further after the middle of the 14th century. Demographic growth, multiplication of urban structures and general economic progress, as well as temporary relief from the dangers from outside, led to the emergence of the independent Romanian states of Moldavia and Wallachia in this period.

Watchful of the changes going on and clearly judging the effects of the political shifts that were taking place Basarab and Bogdan, the first great voievods, knew how to use the various difficulties facing the neighboring great powers in



order to throw off the foreign yoke and organize the Romanian states, which entered into history because of them and were often called by their names.

#### The Romanian Lands' United Fight for Freedom and Independence

Their geographic position, which partly determined the distinctive character of the Romanian lands' history, brought them into contact in the course of time with various political forces and compelled them to follow the groupings and regroupings among them and within them in order to find the political-diplomatic formulas that would secure their state stability and enable them to progress. The Romanian lands realized that their state interests required connections on the north as well as on the south, west and east, and that they could not defend their statehood without considering the whole series of foreign relations, with emphasis sometimes on one grouping of forces and sometimes on another depending on the danger that threatened their existence.

The first stage of Romanian foreign policy and of the Romanian lands' diplomatic negotiations as independent states began with Basarab and Bogdan and culminated in the reigns of Mircea the Great and Alexander the Good. It was the time when, with minor exceptions, capable leaders with a sense of responsibility for the country's future succeeded each other on the thrones of Moldavia and Wallachia. They persevered and succeeded in forging a system of alliances that enabled them to carry on their predecessors' work of developing and organizing the country to cope with the dangers that might arise at any moment and from any direction.

Basarab's clear political goal, his knowledge of the international situation and his understanding of the power it represented and of what was possible in the newly created foreign situation determined the series of political and matrimonial alliances that Basarab forged. Thanks to them the "Founder" of the country did not have two enemies on his borders at the same time and was able to remove the Tatar threat from the area of the Danube mouths and to repel the Hungarian infiltrations in the north and northwest of the country, as well as the Bulgarian encroachments on the south and southeast, by successful military operations.

It was in Basarab's time during the wars against the Tatars, in which all the peoples of Western Europe were engaged as a matter of fact, that a common Romanian effort in the face of a foreign peril was made for the first time. The Romanians of Wallachia as well as those of Transylvania and Moldavia fought in those wars, and sometimes in the same campaigns. The fact in itself was to have many consequences, as those incidents multiplied in time and served to strengthen the awareness of the Romanians in the three provinces of their ethnic unity.

Nicolae-Alexandru or Vladislav-Vlaicu and Radu I or Dan I were mindful of the developments in the north, without overlooking the changes taking place on the political map of the Balkan Peninsula, where they were gaining an increasingly important role, and they sought to consolidate their power in the border districts of Transylvania, which were vital to the very mastery of Wallachia because they were closely connected with the latter and the Hungarian kingdom was trying to extend its rule to the south of the Carpathians through them.

Like Wallachia, Moldavia entered the international political arena after some major victories over the Tatars and the Hungarian kingdom's attempts to take

their place, and in view of the international balance of power it also had to ally itself with the less dangerous powers at certain points in order to cope with the aggressions of neighbors who were desirous of conquests.

The Polish kingdom from the north, the Hungarian kingdom from the west, the Tatar hordes from the east, and later the Ottoman armies in the south often created very difficult situations for Moldavia, from which it came off well solely because of the heroism of its inhabitants and the diplomatic skill of its leaders, who knew when and where to intervene in order to safeguard the state's interests.

When the Polish-Hungarian political union was formed Basarab I's successor Latcu had to yield for the time being to its pressure, which took the form, on the religious level, of Catholic propaganda. It was an act determined by a political circumstance and had no serious consequences for the state. Latcu's successor Petru Musat profited by the international political situation created by the rupture of the Polish-Hungarian union after King Ludovic the Great's death in 1382 in order to assert Moldavia's independent position and to form political alliances recognizing Moldavia's integrity and independence. Between the Hungarian kingdom, which continued to lay claims to dominion over Moldavia, and Poland, which united with Lithuania after 1386 and formed the Polish-Lithuanian Union, he preferred an alliance with the latter, which was less dangerous to Moldavia at that time because it was fighting a long war with the Teutonic Knights.

With some deviations, Moldavia's political policy after Petru Musat looked more and more to Poland. Sometimes, as in Stefan I's reign, this provoked reactions from the Hungarian kingdom that resulted in several political and military defeats of the latter.

The agreement of the Romanian lands' policies, apparent since the formation of the independent Romanian states, became more consistent in Mircea the Great's time. Fully aware of the united strength of the Romanian lands, he collaborated closely with Petru Musat and Alexander the Good, princes of Moldavia, and with Stibor, the voievod of Transylvania.

To defend his northern border, which the kings of Hungary had violated several times, Mircea the Great concluded a treaty of alliance with King Vladislav Jagiello of Poland through the intermediary of the prince of Moldavia, Petru Musat, shortly after his accession to the throne in 1389, which treaty he was to renew several times. This alliance as well as the imminent Ottoman danger to the Hungarian kingdom led Sigismund of Luxemburg, king of Hungary, to attempt an alliance with the prince of Wallachia. The latter, in the interest of the anti-Ottoman struggle and in exchange for recognition and expansion of his holdings in Transylvania, allied himself with the king of Hungary without repudiating the alliance with Poland.

The security of his northern border enabled the Romanian prince to concentrate on defending the southern one. He accordingly strengthened the chain of fortresses on the Danube, powerful bastions of national defense, and tried to impede the Ottomans' advance and to weaken their striking power by raising some political rulers in Asia against them and through the aid of the Christian states that were fighting against the Ottoman peril.

While defending Wallachia, Mircea the Great's strength enabled him to play the role of protector of the other Romanian provinces as well and to initiate a policy of general Romanian defense. In 1388, when in the course of Sultan Murad I's expedition against the Dobrogean state the latter's leader, the despot Ioanucu disappeared and Dobrogea was in danger of falling under Ottoman rule, which would have threatened the very existence of Wallachia, Mircea the Great intervened and succeeded in saving the situation and forming a single body politic by uniting Wallachia and Dobrogea that could refute the Ottoman sultans' claims to invincibility.

By uniting the Romanian territory between the Danube and the Black Sea with that between the Carpathians and the Danube, Mircea added to his title of "voievod of Wallachia, duke of Fagaras and Ardas and count of Severin" that of "despot of the lands of Dobrotita and prince of Dirstor." By this great victory of his Mircea the Great restored the old Dacian unity of the areas to the left of the Danube with the territory between the Danube and the Black Sea, in Romanian form and on a higher level of historical evolution. Through mastery of the Dobrogean littoral and especially of the Mouths of the Danube Wallachia joined both the continental and the maritime trade cycles. The Romanian prince's occupation of important strategic points of great economic value like Chilia, Isaccea, Silistra, Giurgiu, Turnu and Severin meant total Romanian control of access to "The Great Sea."

#### A Brilliant Symbol of the Romanian People's Will to Freedom and Independence

As ruler of the territory between the Danube and the Black Sea, Mircea took steps to consolidate the defense system by preparing resistance to Ottoman attacks that might occur at any time.

In 1391 an Ottoman army under Firuz Bey crossed the Danube into Wallachia, ruthlessly devastated part of its territory, and then turned back to the south of the Danube laden with "booty and riches." Firuz Bey's expedition into Wallachia was the beginning of a long series of Romanian-Ottoman battles that brought the Romanian people great suffering but did not subjugate them.

The wars that Sultan Balazid I "the Thunderbolt" waged in Bulgaria and his attempts to occupy the fortresses of Nicopole and Silistra on the Danube pitted the Ottoman armies against those led by Mircea the Great, who wanted to destroy at any price the Ottoman bases that could have been points of departure in organizing the expedition to conquer Wallachia. In 1394 Sultan Balazid crossed the Danube to subjugate or enslave Mircea. "The terrible battle," as the Ottoman chronicler Idris Bidlisi called it, was fought in the Pitesti area on the Arges River, and it went down in history as the Battle of the "Rovine" (a term that means steep, marshy places). It was a dreadful battle, one of the fiercest in the history of the battles fought by the Romanian people to defend their independence. The Ottoman chroniclers expressed their astonishment at the way the Romanians fought although at some points they appeared overwhelmed by the great number of their adversaries. The Byzantine, Serbian, Bulgarian and Romanian witnesses also mention Mircea the Great's brilliant victory over Balazid.

Balazid, the first sultan to lead Ottoman troops on Romanian territory, was impressed by the resistance he encountered and decided to retreat.



The great Romanian poet Mihai Eminescu beautifully and truthfully recalled the heroic Battle of the Rovine in the "Third Letter," but he placed it after the defeat of the Christian coalition at Nicopole in 1396. In Mihai Eminescu's verses Mircea the Great addresses the haughty sultan: "I? I am defending my poverty and needs and people.../ And therefore all that moves in this land, the river, the bough/ Is only my friend and your enemy,/ You will be hated by all without even hearing of it./ We have no armies but love of country is a wall/ That is not shaken by your fame, Balazid!"

Differences that arose within the ruling class were to weaken Mircea the Great's internal position for a time. Against him, some of the boyars raised the pretender Vlad to the princely throne, who went down in history as Vlad the Usurper.

With the support of Stibor, voievod of Transylvania, Mircea tried to regain the throne at Arges in the summer of 1396. Although he could not permanently eliminate his rival, he succeeded in strengthening his position in Wallachia again, which enabled him to fight with a considerable Romanian army in the Battle of Nicopole on 25 September 1396.

The German writer Hans Schiltberger, who was in the crusader army, left us the information that Mircea asked to begin the battle along with the Romanians. This proposal was supported in the council of war by Sigismund, king of Hungary, and the Hungarian commanders. The reason was that the Romanian prince knew better how the Ottomans fought. But the French knights demanded the honor of the first attack for themselves. Going first into combat they had some success at the start, but as they advanced rapidly they proceeded too far from the main body of the army and, falling into the trap that had been laid for them by a simulated retreat of the Ottomans, they were wiped out completely. Sigismund, coming up with the rest of the army, was unable to save the situation. A great many knights fell or were taken prisoner. The Ottomans' victory at Nicopole gave them proof that their military organization was superior to that in Western Europe and that their power lent a lasting character to their rule of the areas they had conquered. After the Battle of Nicopole the Bulgarian czarate of Vidin was also made a pashalik as the one of Tirnovo had been in 1393, and the domains of the local feudal lords were confiscated and turned over to the Ottomans.

The fear that seized the Romanian boyars first at the defeat of the knights at Nicopole and later at the practical consequences of that defeat, namely the conversion of the czarate of Vidin to a pashalik, made them change their policy. The fear that they would meet the fate of the local rulers south of the Danube made them join Mircea the Great and support him in the action he was continuing to lead with the aid of Transylvanian troops against Vlad the Usurper, who was allied with the Ottomans. Deserted by the boyars, Vlad was captured and taken to Transylvania, while Mircea remained the "sole ruler" of the entire country.

Later on, in 1400 when, according to a Venetian source, the Turks were beaten so badly "that some were captured, others were killed, and others were drowned, and only about 3,000 escaped and returned alone to Turkey," Mircea won another great victory over the Ottomans.

The military successes strengthened Wallachia's position and enhanced Mircea the Great's authority in the interior as well as his prestige abroad. The years 1400-1409 were a period of internal preparation of a great offensive against the



Ottoman Empire. Mircea the Great encouraged the development of commodity production and trade in order to make the country prosperous. He accordingly struck silver coins that had a wide circulation, granted trade privileges to the merchants from Poland and Lithuania, and renewed those granted to the Brasovans by his predecessors, setting customs duties as an important means of increasing the state revenues.

The prosperity that Wallachia was enjoying provided Mircea the Great with the material resources needed to promote culture and military strength. He took steps to strengthen the fortresses on the Danube and reorganized the institutions in an effort to consolidate the central power. He was particularly interested in organizing the institutions for national defense, such as the army and the "Banate of Severin." The ban, a high official, performed the functions of the prince in the Severin area and perhaps throughout Oltenia, especially in connection with the military organization of this district, which was exposed to Ottoman incursions. As for the army, Mircea the Great created "the grand army," composed of free and even dependent peasants, to which he added contingents of mercenaries attracted to Wallachia by its ruler's renown.

Reforms to strengthen the state structures in Wallachia were accompanied by a noteworthy economic development and the country's growing prestige in international relations. In 1400 Mircea intervened in the internal conflicts in Moldavia and supported the coronation of Alexander the Good, an action that proved salutary because Alexander the Good's reign was a period of economic prosperity in Moldavia, internal consolidation of the state, and development of its international role. Close collaboration was established between Wallachia and Moldavia. The institutional structure common to the two countries was enlarged by the organization of state institutions in Moldavia modeled on those in Wallachia.

Mircea the Great extended his rule in Transylvania beyond that of his predecessors. His authority there increased as the political disturbances in the Hungarian kingdom prevented King Sigismund from exercising his power there effectively. When we add to this Mircea's acquisition of the territory between the Danube and the Black Sea, we see the picture not only of expansion of the Romanian state under his rule but also of the part he played in promoting the policy of general Romanian defense.

The dynastic crisis in the Ottoman Empire at the start of the 15th century made it easier for the Romanian prince to play the role of arbiter in the struggles for the throne that were going on in the empire, bringing him great renown in the Orient. Western Europe was also pleased to hear of the Romanian prince's victory's, and the German humanist Leunclavius considered him "the bravest and cleverest of Christian princes."

Deprived of the support of the Christian states and concerned with finding a basis of agreement with the Ottomans, the prince of Wallachia finally found that he too had to negotiate with Sultan Mahomed I and agreed to pay the Porte an annual sum of money as tribute in compensation for peace. In return the Ottomans promised to respect the independence and territorial integrity of Wallachia. Under the historical circumstances that political arrangement was the only way to preserve the existence of the state, and it was destined to secure the consolidation and development of Romanian society. Stefan the Great was to take the same measure later, at the close of his glorious reign.

The reign of Mircea the Great was a brilliant period in Romanian history. By his qualities as a brave commander and a skilled diplomat he inspired the Romanian people's confidence in the victory of his cause and compelled the Ottomans to give up the idea of conquering Romanian land.

By the victories he won Mircea called the European world's attention to the vitality, heroism and love of liberty of the Romanian people. The high esteem in which the Romanian prince was held by a number of European personalities, as well as the proposal the king of Hungary made on the eve of the Battle of Nicopole that Mircea should be the first to strike the Ottoman army, a proposal that recognized his military skills, give proof that Wallachia was one of the strongest of the European forces capable of stopping the Ottoman expansion.

The memory of Mircea the Great, his courage and his wisdom have often been cited in Romanian literature as a glorious standard for construction of the Romanian state and its durability. In 1918, during the German occupation, on the 500th anniversary of the great voievod's death the historian Dumitru Onciul recalled Mircea's personality in a speech of warm patriotic feeling and national dignity as a symbol of the resistance that gave hope in Romania's hard circumstances at the time.

Today, when history is a feature of socialist Romania's construction, our progress is strengthened by love of the nation's glorious past and by honoring the illustrious dignitaries of the people. In interpreting the directions of Romanian history and the great values of its traditions, Nicolae Ceausescu highly prizes the events in the Romanian people's struggle for liberation and their ancestors' heroic deeds for national defense and for freedom, independence and unity. The party secretary general said, "The ideals of unification, freedom and independence have always inspired the Romanian people from the most ancient times. They are the torches that have lighted the way, generation after generation, to justice, to progress, and to a better, free and worthy life."

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## DEFENSE OF PEACE COMMITTEE CONDEMNS NEVADA TEST

AU101939 Sofia BTA in English 1859 GMT 10 Feb 87

["Declaration in Support of Nuclear Disarmament"—BTA headline]

[Text] Sofia, 10 February (BTA)—On behalf of the Bulgarian public the National Committee in Defence of Peace condemns the latest nuclear weapon test of the United States carried out in Nevada.

The declaration published in this connection stresses that disregarding the sincere and constructive proposals of the Soviet Union and its moratorium which continued for more than 550 days, the United States blasted the possibility it was given for the triumph of common sense over nuclear madness.

The preservation of peace on earth is possible only if we break forever with the age-old understanding about the acceptability and possibility of war, the document points out. Today mankind should realize that group, bloc, ideological and egoistic national interests should give way when the aim is the preservation of life on the planet and its survival.

The champions of peace in Bulgaria, together with all progressive and peace-loving forces in the world, realize their great responsibility in securing peace for the present and future generations and once again voice their resolute will to continue the struggle for nuclear disarmament, for consolidating the ranks of the international anti-war movement, for a decisive resistance to nuclear madness, the declaration points out.

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## BCP CONTROL-AUDITING COMMISSION INVESTIGATIONS

AU111708 Sofia RABOTNICHESKO DELO in Bulgarian 10 Feb 87 p 2

[Unattributed report: "At the Central Control-Auditing Commission"]

[Text] A session of the BCP Central Control-Auditing Commission Bureau took place yesterday under the leadership of Nacho Papazov, chairman of the commission.

A report was discussed dealing with the results of an investigation conducted by the scientific coordination center for ecological affairs and environmental protection under the presidium of the Bulgarian Academy of Sciences. Along with the achievements that were assessed, certain essential shortcomings were found in the work accomplished by the leadership of the aforementioned center. On the basis of conclusions drawn from the investigation, proposals and recommendations pertaining to the subject were submitted to the Presidium of the Bulgarian Academy of Sciences.

The Bureau of the BCP Central Control-Auditing Commission reviewed the petitions and objections of party organizations and individual party members who were subjected to sanctions. In certain cases the sanctions of "severe reprimand accompanied by warning" was amended to "admonishment," which was later annulled as having served its purpose. In other cases the sanction of "admonishment" was rescinded as unjustified, after it was decided that in those cases the investigation on the part of the party and control-auditing organs was insufficiently thorough and not objective enough. In the case of Plamen Stoychev, a citizen of Sofia, it was decided that, due to the fact that he worked abroad under difficult conditions, the decision on discontinuance of his BCP membership because of his failure to pay his membership dues over a lengthy period and because of his failure to participate in party life, was rescinded and he was sanctioned with an "admonishment." The petition submitted by Ivan Damyanov from Varna to the 13th BCP Congress was granted and his party membership restored.

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## COOPERATION AGREEMENT SIGNED WITH UK ARCHITECTS

AU291321 Sofia BTA in English 1203 GMT 29 Jan 87

[Text] Sofia, 29 January (BTA)--The first program on cooperation in the field of architecture and municipal planning between the Union of Architects in Bulgaria and the Royal Institute of British Architects for the 1987-1990 period was signed here today. According to Mr Georgi Stoilov, president of the Union of Architects in Bulgaria, this document has laid the foundations for a further activation of the existing contacts. Mr Larry Rolland, president of the Royal Institute, told reporters that the program is a considerable contribution to the broadening of the relations between the two countries.

The agreement envisages an exchange of architects, expositions and specialized literature.

Mr Georgi Stoilov and Mr Larry Rolland then went on to tell about their views on the work of architects in their two countries.

Mr Georgi Stoilov, who is also chairman of the International Union of Architects, discussed in detail the union's International Academy of Architecture seated in Bulgaria.

The guest was received by Mr Georgi Yordanov, deputy chairman of the Council of Ministers, chairman of the Council for Intellectual Development and president of the Committee for Culture.

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## CALL FOR MORE JOB MOBILITY IN SCIENTIFIC WORK

AU271257 Sofia RABOTNICHESKO DELO in Bulgarian 26 Jan 87 p 3

[Article by Krasen Stanchev, senior assistant professor at the Karl Marx Higher Economics Institute: "The 'Muenchausen' Effect—Thesis: The Job Mobility of Cadres in Science Can Become an Organizational Norm for Research Work"—passages within slantlines printed in bold type; last paragraph is newspaper's addition]

[Text] In material production the job mobility [tekuchestvo] of cadres is a natural calamity which is most often present in places where the obsolete and worn-out material-technical base is compensated for by applying more human labor.

However, job mobility is an almost unknown phenomenon in scientific production in Bulgaria. But in this field also, when the material base is inadequate, this presupposes the utilization of more human labor. And this labor becomes unpleasant. It is not easy to make discoveries and inventions if every day you encounter "insoluble" problems relating to the supply and use of items which should be at hand. Despite this, job mobility is absent in science. However, in contrast to production, in science mobility can produce positive results.

Comprehensive information services are able to compensate to some extent for the lack of technical means. Frequently, however, the sources of information for our scientific workers are limited, and the material incentives are inadequate also. If one is seeking to increase discoveries and inventions, this situation is comparable to trying to lift yourself up by your own hair. Paradoxically, this can be successful if, after the means fail to move, the scientists themselves move into action with their own brains. Something which is inaccessible due to certain restrictions can be obtained in the exchange or clash of opinions between different researchers. This is where the role of mobility could be revealed as /an organizational norm/ for scientists' joint activity. Precisely this means can create interest and produce good results, while overcoming the various shortages.

Why then do we still have no mobility of scientific personnel in Bulgaria?

The work of the scientist is represented as a progress through various stages, namely the so-called degrees and titles. It is supposed that the more degrees and titles there are, the greater are the incentives for concentrated work and self-education. In reality, however, this ladder of degrees and titles sometimes



becomes an end in itself. A queue forms on every step, and sometimes a logjam arises. Once you have joined the queue, there is no sense in changing to another queue, where you will be the last in line. In the scientific community sometimes only "one's own people" are let through, only similar thinkers who meekly await their turn. The community begins to take on the appearance of a family ("dirty lines is not washed in public"), and relatives too are automatically enrolled in the community. This idyl may be to the taste of the members of the collective, but it means a complete substitution for the aims of scientific work. This situation is reaching a state of absence of criticism and discussion, an all-powerful internal censorship, and a weakening of scientific enquiry. Of course, this is only one possibility which can be manifested at the organizational level as an absence of job mobility.

One of the aims of the goal-oriented [programma] organization of scientific work is to mobilize brains and to create flexibility in the production of inventions and discoveries. However, the scientists in the special-purpose [programamen] collective may also reproduce the relations existing in the collectives of their departments or institutes. For this reason the establishment of the goal-oriented organization must be accompanied by changes in the relations within the "normal" collectives.

These changes can be achieved by opening up the collectives, that is, through job mobility. One can say how this norm is to look under our conditions only after the necessary special research studies have been completed. However, it is clear that /the production of scientific knowledge cannot be enclosed within national or okrug borders./ The same also applies to the production of scientists. Regulations should probably be drawn up for the broad participation of foreign specialists (at least from the CEMA member-countries) in the assessment of the developments made by Bulgarian scientists. It is possible for scientific periodicals to be published by international editorial boards with changing memberships. It is also necessary to utilize every opportunity for specialization and training in the world's leading universities, for visits by professors, and for the maximum possible participation in international scientific forums.

At present it is an exception for a given higher education establishment or institute not to select its cadres from among its own students and research students. Yet, in order for a "clash of ideas," for a movement of knowledge, methods of thought, and even conduct, to take place, /it is better for a person not to work for a research degree at the institution where he studied, and not to work in the place where he was a research student./

At the level of the individual institute, higher education establishment, or collective, the presence of people "from outside" (as members of councils, reviewers, and so on) should be obligatory and applied on a mass scale. It may be that, in order to have objectivity, the scientific work produced by the leader or supervisor should not be discussed within the collective itself. Attempts have already been made to "open up" the scientific councils and departmental sessions, and these attempts can also become standard practice. The scientific councils might also discuss the scientific work produced by informal collectives.

In this way, job mobility as an organizational form of research work also leads to an expansion of democracy in science.

[Addendum to the Thesis/

/It is true that a man cannot lift himself up by his own hair, but the stimulation of cerebral activity is indeed possible. Krasen Stanchev's suggestions indicate only one of the paths toward this goal. With the efforts of more people, it is likely that methods can be found to utilize Bulgaria's scientific potential more fully. We look forward to receiving other views on this important problem./

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## COMMUNIQUE ON YSP DELEGATION'S VISIT TO BULGARIA

EAO61249 Aden Domestic Service in Arabic 0330 GMT 5 Feb 87

[Text] A YSP delegation led by Brother Muhammad Sa'id Abdallah Muhsin, member of the Political Bureau and secretary of the Central Committee, will today end its 5-day official visit to the People's Republic of Bulgaria, carried out at the invitation of the Bulgarian Communist Party [BCP] Central Committee.

During the visit, the delegation held talks with Bulgarian officials on ways of strengthening friendship and cooperation between the friendly YSP and BCP, and of developing and strengthening relations in various spheres between the peoples of the two friendly countries. The situation in the Arab and international arenas and issues of common interest were also reviewed.

During the visit, a protocol on party cooperation between the YSP and BCP for 1987-88 was signed.

A press communique has been issued. (?The following is its text):

A YSP Central Committee delegation, led by Brother Muhammad Sa'id Abdallah Muhsin, member of the Political Bureau and secretary of the Central Committee concluded a visit to the People's Republic of Bulgaria on 5 February 1987.

The delegation was received by Milko Balev, member of the Politburo and secretary of the BCP Central Committee, and by Dimitur Stanishev, secretary of the BCP Central Committee. During the talks, which were held in a cordial and comradely atmosphere, information was exchanged on the tasks currently being carried out by the two parties. Bilateral cooperation was also discussed. The Yemeni guests were briefed on the implementation of the resolutions of the 13th BCP Congress and on the serious trends and measures aimed at achieving qualitative development in all spheres of life. They were also briefed on the basic trends of the party's foreign policy activities.

The YSP delegation gave an account of the work of the PDRY and government leadership in overcoming internal and external difficulties created by imperialism and reaction, and on the efforts to strengthen and deepen socialist orientation in the country.

For its part, the BCP expressed support for the steps taken to overcome the aftermath of the tragic incidents of January 1986. It rated highly the role

being carried out by the YSP in order to unify all progressive and nationalist forces in the Arab world in the struggle against imperialism, Zionism and local reaction.

During the talks, stress was placed on the increasing importance of the comprehensive initiatives undertaken by the USSR and the other socialist countries to achieve world nuclear disarmament, peace and security. It was pointed out with satisfaction that militant solidarity between the BCP and the YSP is constantly consolidating and developing, on the basis of Marxism-Leninism and on the principles of proletarian internationalism in the interest of the Bulgarian and Yemeni peoples and for the sake of peace, democracy and socialism. A protocol was signed on cooperation between the BCP and the YSP for the period 1987-88

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## PDRY PARTY DELEGATION VISIT REPORTED

AUG51622 Sofia BTA in English 1257 GMT 5 Feb 87

["BCP-YSP Cooperation"—BTA headline]

[Text] Sofia, 5 February (BTA)—During a 5-day visit here by a delegation of the Central Committee of the Yemeni Socialist Party (YSP), headed by Mr Muhammad Sa'id 'Abdullah, Political Bureau member and secretary of the CC of the YSP, the sides reiterated the growing importance of the wide-scale initiatives for nuclear disarmament, peace and security in the world, put forward by the Soviet Union and the other socialist countries.

The Yemeni guests conferred with Mr Milko Balev, Politburo member and secretary of the CC of the BCP, and with Mr Dimitur Stanishev, secretary of the CC of the BCP. The two parties expressed satisfaction with the strengthening of their ties and militant solidarity and emphasised that they promote their relations on the basis of the principles of Marxism-Leninism and proletarian internationalism, in the interests of both countries' peoples, for the sake of peace, democracy and socialism.

The Yemeni delegation were familiarized with the fulfillment of the decisions of the 13th BCP Congress, with the new approaches and criteria in the efforts to achieve a qualitatively new growth in all spheres of life, and with some principal areas in the foreign political activities of the BCP and of this country.

The YSP officials briefed their hosts on the work of the party and the state leadership of their country towards overcoming the internal and external problems caused by imperialism and the reaction, on the efforts to consolidate the line of socialist orientation of the People's Democratic Republic of Yemen.

The BCP supported the measures intended to mitigate the effects of the tragic events of January 1986 in that country and commended highly the contribution of the YSP and of the government to rallying all progressive and patriotic forces in the Arab world in the struggle against imperialism, Zionism and the reaction.

The two parties signed a protocol on cooperation for the 1987-1988 period.

The delegation left the country today.

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## FDRY AMBASSADOR PRESENTS CREDENTIALS

AU121956 Sofia BTA in English 1850 GMT 12 Feb 87

["Cooperation With Democratic Yemen"—BTA headline]

[Text] Sofia, 12 February (BTA)—Bulgaria values highly the revolutionary acquisitions of the people of Democratic Yemen and their vanguard, the Yemen Socialist Party. The experience gained in the years of struggle for social progress and socialism has demonstrated that no obstacles can divert the South Yemeni people from their chosen road of building a new, fairer and more progressive society. Mr Todor Zhivkov, president of the State Council, said this today, accepting the credentials of Mr 'Ali Munassar Muhammad, the newly appointed ambassador of the People's Democratic Republic of Yemen here.

Mr Todor Zhivkov emphasized that Bulgaria will continue her support to the PDR of Yemen in the implementation of that country's plans for economic, socio-political and intellectual development. He indicated that Democratic Yemen plays an important part in rallying the Arab countries, in the efforts towards unity and concord, which guarantee the success of their antiimperialist struggle. With its constructive policy aimed at the promotion of good-neighbour relations and cooperation, the People's Democratic Republic of Yemen is a stabilizing factor in that troubled part of the world, Mr Zhivkov said.

On his part, the ambassador stressed the comprehensive and widescale character of the contacts maintained between Bulgaria and his country. These contacts are concretized in the number of projects build in South Yemen with Bulgarian assistance, in the training of Yemeni personnel in Bulgaria, in the strengthening of inter-party and political ties.

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## WORLD WAR II TREATY ANNIVERSARY MARKED

AU111521 [Editorial Report] Sofia RABOTNICHESKO DELO in Bulgarian on 10 February 1987 carries on page 3, a 1,200-word article by Docent Dracimir Draganov entitled "Along the Path of Constructive Development," devoted to the 40th anniversary of the signing of the Paris Peace Treaty with Bulgaria after World War II.

The article describes the circumstances under which the peace treaty was signed and points out that this was an "event which, in those times, exposed the national feelings of all sincere patriots to a severe trial." The author stresses the unfriendly attitude of the Western powers toward Bulgaria and to all those countries "who embarked on the path of drastic socioeconomic and political changes" during the 1944-45 period. He describes the conflict between the Western allies, especially the United States and the United Kingdom, and the Soviet Union on the question of Bulgaria's position as a country which participated in World War II on the side of the anti-Hitler coalition, a fact which was denied by the Western allies. "The Soviet Union categorically declared itself in defense of friendly Bulgaria. As regards the three main points on which Western diplomacy attacked our country—namely borders, reparations, and the economic clauses of the treaty—the representatives of the USSR actively supported Bulgaria's just demands," Docent Draganov states. He cites Molotov's statements addressing his "Bulgarian friends" and reassuring them that "their borders will remain untouched." Draganov adds, that despite this fact the Western allies succeeded in imposing certain sanctions on Bulgaria about which the "Bulgarian Government expressed its deep distress at certain injustices which were allowed to occur and will be a heavy burden on the Bulgarian people's future situation and development." This, according to the author, pertained chiefly to the financial sanctions imposed on Bulgaria.

Nevertheless, citing Georgi Dimitrov's speech of 4 February 1947, Draganov points out the positive aspects of the peace treaty, obtained thanks to the existence of the fatherland front and to Bulgaria's participation in the last stage of World War II.

Draganov closes his article by stressing that, thanks to the peace treaty, "Bulgaria had the opportunity to normalize its international position and to overcome the international isolation of the past. The systematic efforts of the Western states grossly interfere in our Domestic Affairs, since Bulgaria was already officially considered a sovereign country. This was a heavy defeat

for the bourgeois opposition within the country, as well, which relied upon the constant and generous support of the West. The foreign political prerequisites for an intensification of the revolutionary process and for a transition to the stage of building the foundations of socialism in our country were ensured by the peace treaty as well."

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## SYRIAN BA'TH PARTY MEMBER HOLDS TALKS IN SOFIA

JN210911 Damascus Domestic Service in Arabic 0515 GMT 21 Jan 87

[Text] Sofia—Comrade 'Isam al-Qadi, Arab Socialist Ba'th Party National Command member and leader of the popular Liberation War Vanguards Organizations, who is currently visiting Bulgaria, has held several meetings with Bulgarian officials. Comrade al-Qadi yesterday met with Comrade Dimitur Tarshev, Bulgarian Communist Party (BCP) Central Committee member and head of the BCP Central Committee's foreign relations bureau [name and title as heard]. The two sides discussed issues of common interest. Talks focused on the current situation in the Palestinian arena and viewpoints were identical on the need to achieve Palestinian national unity on a basis hostile to imperialism, Zionism, and reactionary forces and in a manner enabling this unity to confront all capitulatory Zionist-U.S. solutions and to pursue all forms of struggle for liberation.

Comrade al-Qadi also met in Sofia yesterday with the command of the Ba'th Party organization, the command of the Syrian Students National Union-Bulgaria branch, and the Syrian Embassy staff in the presence of the Syrian ambassador in Sofia. Comrade al-Qadi's visit to Bulgaria comes at the official invitation of the Bulgarian Afro-Asian Solidarity Committee.

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## BCP CC GREETINGS TO LEBANESE CP CONGRESS

AU071522 Sofia RABOTNICHESKO DELO in Bulgarian 5 Feb 87 p 5

[Report: "Class Solidarity and Cooperation"]

[Text] Beirut, 4 February [BTA correspondent]—At today's session of the Fifth Congress of the Lebanese Communist Party, Yanko Georgiev, member of the BCP Central Committee and leader of the Bulgarian delegation, delivered the greetings message of the BCP Central Committee to the congress.

We, the Bulgarian Communists and all the workers in the People's Republic of Bulgaria, loyal to the testaments of Georgi Dimitrov and the principles of proletarian internationalism, are following with lively interest the work of your party in the exceptionally complex situation of present-day Lebanon and declare our solidarity with your struggle for a just solution to the acute political, national, and social-class problems that have arisen in recent years in the life of the Lebanese people, the greetings message states.

Our party and state will continue in the future to offer its contribution toward preserving and strengthening peace in the world. They are conducting an active policy for a positive turn in Europe's development, for peace, good-neighborliness, and cooperation in the Balkans, and for turning our geographical region into a zone free of nuclear and chemical weapons.

The situation is alarming in the Middle East and the Persian Gulf, in Central and South America, and everywhere where imperialism is creating and fanning hotbeds of tension. The situation in Lebanon arouses particular concern. In your country the flame of fratricidal civil war has been glowing for more than a whole decade, and is now blazing up with fresh force. The continuing Israeli occupation of the south of the country, the unceasing "punitive" operations of the aggressor, and the fighting between certain Lebanese and Palestinian groupings bear testimony to the striving of imperialism and Zionism to maintain and deepen the split between the Lebanese national patriotic forces and the Palestinian resistance movement in Syria.

Further on the greetings message states that the complete overcoming of the internal political crisis in Lebanon and the removal of the threat to Lebanon's national independence and territorial integrity is closely connected with the just settlement of the Middle East crisis and the guaranteeing of the lawful

rights of the Palestinian people. The People's Republic of Bulgaria totally supports the Soviet proposals for convening an international conference on the Middle East problems, including the setting up of a preparatory committee with the participation of the representatives of the permanent members of the UN Security Council.

The Bulgarian Communists feel deep respect toward the heroic history of the Lebanese Communist Party, founded 62 years ago. We are well acquainted with your party's indefatigable struggle to defend the vital interests of the Lebanese workers against imperialism and Zionism, for peace, democracy, and social progress.

The Lebanese Communists can always count on the friendship and support of the Bulgarian Communists. Our class solidarity and cooperation are in the interest of the two parties, the Lebanese and Bulgarian peoples, peace, democracy, and progress in the world, the greetings message stresses in conclusion.

A declaration adopted today at the Fifth Congress of the Lebanese Communist Party makes an appeal for an immediate halt to the fratricidal conflict between the Amal movement and the Palestinians.

The document stresses that the appeal takes into account both the standpoint of the Lebanese Communist Party and the views, recommendations, and comments made by delegates and visitors at the congress. It notes that the time has come for a halt to the bloodshed and for unity of action on an anti-imperialist and anti-Zionist basis to be reached.

/12232

CSO: 2200/55

**HU YAOBANG REPLACEMENT LINKED TO DEMONSTRATIONS**

AU221930 Sofia TRUD in Bulgarian 21 Jan 87 p 4

[Zakharî Zakhariev article: "Personnel Change Without Change in Policy"]

[Text] Every change at the top inevitably raises the question about the reasons and, most of all, the possible consequences which this change might produce for the further development of a given country. This is why the change that occurred in the first rank of the Chinese party leadership could not fail to arouse questions of such a nature, the more so because the resignation of the general secretary of the CPC Central Committee came quite unexpectedly, at least as far as the foreign observers of China were concerned.

It is a fact that a lot has been said and written in China in recent years about the generation change and the gradual handover of power to the younger generation, the so-called "third echelon." However, that which transpired recently at the expanded session of the CPC Central Committee Politburo, and which led to the resignation of General Secretary Hu Yaobang, cannot be attributed to the policy of rejuvenating the party leadership.

Judging from the laconic wording of XINHUA, Hu Yaobang engaged in self-criticism at the Politburo session concerning the errors he had committed. In particular, a charge was leveled against him that he had contravened "the principle of collective leadership of the party." At the same time, Yaobang retains his post as member of the Politburo and member of the Standing Committee of the Politburo of the CPC Central Committee, which gives grounds to suppose that his errors are not of a nature incompatible with his participation in the supreme organ of party authority.

The circumstance that the change in the top party power structures follows the stormy student demonstrations in China's largest university towns leaves no doubt that there is a link between the two events. Evidently Hu Yaobang is blamed for the wave of "bourgeois liberalism" that broke out and which, according to the party press, threatens "the stability and unity" of the country. Probably he is also being held responsible for the anti-Marxist concepts that have crept into the press and which reject the socialist political system. Under the pretext of the need for political reforms, certain authors have come out with an open defense of the bourgeois political system. What is more, this atmosphere created a favorable climate for the spread of strange theories that Marxism had become obsolete.



A further important feature of the decision of the expanded session of the Politburo of the CPC Central Committee is related to the election of State Council Premier Zhao Ziyang as the interim general secretary. Although these decisions are subject to the approval of a plenum of the CPC Central Committee, it can be supposed that they will be confirmed, which means that this team will manage party affairs until the next congress, which is envisaged to take place at the end of the year.

The question which is especially actively occupying the minds of China observers following the recent events in Beijing is whether the change that has occurred is of purely personnel significance. It is difficult to give an unambiguous answer to this complex question, given the scanty information that accompanied the recent decisions.

A certain indication of the policy trends following the expanded session of the Politburo of the CPC Central Committee is contained in the appeal made to the entire party to continue to apply the line, principles, and trends in the PRC's domestic and foreign policy which were formulated at the third plenum of the CPC Central Committee in December 1978. It is well known that this very plenum made substantial alternations to the political course followed by Mao Zedong.

The speech of Zhao Ziyang, the acting general secretary of the CPC Central Committee, sheds some light on China's intentions after the changes at the top of the party. The new Chinese party leader declared that the removal of Hu Yaobang from his post will have no effect on Chinese policy. A particularly strong impression is given by his words: "The individual changes approved at the recent expanded session of the Politburo will in no way be reflected in the party's plans, leadership, or domestic and foreign policy." However, what aroused the greatest interests in the West was his statement that the party will continue the policy of reforms and "open doors" and follow the "four basic principles" which guarantee China's capacity to progress along the socialist path of development. In the same statements Zhao Ziyang disputed the hypothesis that the recent decisions have "shaken" the country's stability, stressing that the decisions have ensured "the continuity and stability of party policy."

The recent events in China, and particularly the expulsion of certain intellectuals from the party, strengthened conjectures abroad that the country is on the eve of new political campaigns and purges. These conjectures were rejected by Zhao Ziyang. "Our party is already mature and we are not launching into political campaigns," he stated.

Li Peng, Politburo member and vice premier of the PRC State Council, also made a similar statement. "The present attacks on 'bourgeois liberalization' do not affect the intellectuals, and the CPC will not change its policy in relation to them," he emphasized. It is well known that only a few months previously China loudly celebrated the 30th anniversary of the proclamation of the political course "Let a hundred flowers blossom, let a hundred schools compete." On this subject, the intellectuals and representatives of art and literature were once again told that they were granted creative freedom. Defending this line, Li Peng stressed that the intellectuals in China are viewed as part of the workers class and as masters of the country and that "the party has full confidence in them."

These interpretations of the change completed in the Chinese party leadership are realistic, since according to the official version of the political course followed by the CPC is not subject to question. Future social practice will show what will be the further consequences of the personnel changes that have taken place.

/12232

CSO: 2200/55

**STANISHEV RECEIVES CYPRIOT YOUTH DELEGATION**

AU261700 Sofia BTA in English 1436 GMT 26 Jan 87

[Text] Sofia, 26 January (BTA)—The members of the Bulgarian Young Communist League hold together with the just struggle of the Cypriot people against the attempts of imperialism to divide Cyprus, and stand for settlement of the problem on the basis of the UN resolutions.

During the meeting of the Secretariat of the CC of the Dimitrov Young Communist League with the delegation of the Unified Youth Democratic Organization of Cyprus led by its Secretary General Mr Dihmitrios Khristophias, member of the Politburo of the CC of ADEL, the two sides confirmed the coincidence of the views of the two youth organizations on the principal problems of our times.

The two organizations stand for limitation of armament and for averted of the danger from its transference into space, they stand for disarmament, for practical steps leading to realization of the proposals of the Soviet Party Leader Mr Mikhail Gorbachev of 15 January 1986. The Dimitrov Young Communist League and the Unified Youth Organization of Cyprus stand for consolidation of the cooperation and good neighbourly relations in the Balkans, for establishing of a zone free of nuclear and chemical weapons in the region.

Mr Andrey Bundzhulov, first secretary of the Dimitrov Young Communist League and Mr Dihmitrios Khristophias signed a protocol for cooperation between the two organizations for the 1987-1990 period.

The Cypriot youth leader was received by Mr Dimitur Stanishev, secretary of the CC of the BCP.

/12232

CSO: 2200/55

## YOTOV RESPONDS TO PARTY DAILY SURVEY

AU271640 Warsaw TRYBUNA LUDU in Polish 21 Jan 87 p 6

[Replies provided by Yordan Yotov, BCP Politburo member and Central Committee secretary and chief editor of RABOTNICHESKO DELO, to questions submitted by TRYBUNA LUDU as part of an "international survey"]

[Text] These are the most recent replies to the questions asked in our survey:

1. What was the most important event in your country?
2. What was the most important world event?

1. Not only in 1986, but for a long time to come, Bulgaria's social development will be influenced by the important resolutions adopted at the 13th BCP Congress. In terms of content and goals, the resolutions are program documents that amount to a scientific and technological revolution and social progress at the stage of developed socialism.

Scientific research and production are developing dynamically in the fields of electronics, robot construction, biotechnology, and laser technology, and in all basic branches of the economy. New processes and phenomena are penetrating deep into the work, the life, and the production of the entire nation. Education and culture are being reduced to this common denominator, and political organization and methods of administration are being improved. The creation of new structures based on principles of self-government and social activeness is a typical expression of the political climate that exists in the country, in the party, and in the activity of our entire society.

Our development strategy is based on raising our country's economy, science, and culture to the highest level of world accomplishments, and on using all the advantages of socialism for the comprehensive development of the individual and comprehensive social progress.

The transition to new positions, which accord with the demands of the times, makes it possible to step up the fight against negative phenomena, bureaucratic methods of work, and complacency. The initiatives and activities of employee teams are being supported all the more emphatically, their contribution toward the realization of the Ninth 5-Year Plan is growing. The current year will



see the attainment of a higher rate of development and higher indicators. The fact that labor productivity will increase by 5.6 percent compared with 1986 is of great importance.

It is quite evident that these indicators are an expression of a new situation in which the scientific and technological revolution is and will be occupying an increasingly dominant place.

2. Nineteen eighty-six, declared the Year of Peace by the UN Organization, began with a significant event—the 15 January declaration made by the general secretary of the CPSU on the subject of eliminating nuclear weapons and all other weapons of mass destruction by the end of the century. In my opinion, this was the most important event, and a truly historic event that gave a great stimulus to the efforts of countries that are striving to free the world from the vehicles of nuclear destruction and the probable transformation of our planet into an uninhabited heavenly body, orbiting the solar system alone.

The 13 years that remain of this century will show whether reason or force will gain the upper hand, although it is obvious that mankind should not provide any opportunities for the advocates of nuclear madness, because it can only lead to one thing—the collective and universal suicide of mankind.

At the 27th CPSU Congress, the 13th BCP Congress, the 10th PZPR Congress and at the highest forums of other fraternal parties the antinuclear platform was made part of the peace strategy of the socialist community, and the growing antinuclear movement confirmed that there is no more pressing task for mankind at the present time than the ultimate elimination of the nuclear threat, than the removal of war from international relations.

And if there was any doubt whatsoever about the realism and possibility of realizing the antinuclear program of the socialist community and the forces of peace and progress all over the world, then Reykjavik emphatically confirmed that, with goodwill, a new form of political thinking, and an even newer form of political activity during what is a historically short period of time, even before the end of the century, nations will be able to say once and for all: farewell to nuclear and chemical weapons! The new package of Soviet peace initiatives has become the substance and goal of the greatest mass struggle for peace and the removal of the nuclear and cosmic threat.

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CSO: 2200/55

**RUSE, RAZGRAD OKRUGS SIGN COOPERATION AGREEMENT****AU121930 Sofia Domestic Service in Bulgaria 1830 GMT 12 Feb 87**

[Text] On 12 February a joint meeting of the party and state leaderships of Ruse and Razgrad Okrugs took place in Razgrad. The participants discussed a program on cooperation and integration in the material, social, and intellectual spheres during the Ninth 5-Year Plan period and up to the year 2000. The discussion took place in light of the decisions of the 13th BCP Congress and the new postulates on regional communities, developed by Comrade Todor Zhivkov at the plenum of the BCP Ruse Okrug Committee.

The meeting was attended by Comrades Grisha Filipov and Pencho Kubadinski, and National Assembly members from the two okrugs.

The main goal of the program is to guarantee reliable and steady pace of economic growth and harmonious development in the social and intellectual spheres, and better utilization of existing natural resources, the material base, and the scientific and labor potential. More specifically, the program envisages cooperation in electronics and biotechnology, agriculture, self-sufficiency in agricultural products, scientific-technical progress, ecology, and cadre training. Ivan Vinkov and Boris Anastasov, first secretaries of the BCP Ruse and Razgrad Okrug Committees respectively, and Kiril Dochev and Kolyo Yovchev, chairmen of the Ruse and Razgrad Okrug People's Councils, signed a coordination protocol on cooperation.

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CSO: 2200/55

## BRIEFS

**NEW PLO REPRESENTATIVE**—Bulgarian Foreign Minister Petur Maldenov has reiterated his country's firm and principled support for the Palestinian people's just struggle to regain their legitimate rights under the PLO, the Palestinian people's sole legitimate representative. This came during the Bulgarian foreign minister's receipt of the credentials of Walid Abu Sha'ban, the PLO's new representative, who conveyed the greetings of the Palestinian leadership and Yasir 'Arafat to the Bulgarian president. [Text] [Sanaa Voice of Palestine in Arabic 1600 GMT 8 Feb 87 JN] /12232

**L'HUMANITE INTERVIEWS ZHIVKOV**—Comrade Todor Zhivkov, BCP Central Committee general secretary and chairman of the State Council, gave an interview to the daily L'HUMANITE in Sofia today. The interview was conducted by Joseph Faure, head of the daily's foreign policy department. It will be published in the forthcoming days. Comrade Todor Zhivkov also received Roland Leroy, member of the PCF Central Committee Politburo and political director of the daily L'HUMANITE, who expressed his gratitude for the interview. This was followed by a friendly conversation. Roland Leroy met Comrade Yordan Yotov, editor-in-chief of the daily RABOTNICHESKO DELO. They briefed each other on the activities of the BCP and PCF at the present stage of development. Opinions were exchanged on topical issues pertaining to the international situation and to the international communist and workers movement. The further development of cooperation between the two parties was also discussed. [Text] [Sofia Domestic Service in Bulgarian 1830 GMT 9 Feb 87 AU] /12232

**PCF'S LEROY MAKES STATEMENT**—As has already been announced, an interview with Comrade Todor Zhivkov will soon be published in the daily L'HUMANITE. Roland Leroy, member of the PCF Central Committee Politburo and political director of the daily L'HUMANITE, made a statement to representatives of BTA and of Bulgarian television. He pointed out that the policy of disarmament and peace, pursued by the People's Republic of Bulgaria, the striving for detente in the Balkans and the world, deserve respect. This position, Roland Leroy stressed, is in accordance with the Soviet unilateral moratorium and is of particular importance at a moment when the United States is unwilling to stop the nuclear arms tests. According to the French visitor, the main task of the progressive and democratic forces in the world is the struggle for consolidating peace and disarmament. He described the halting of nuclear arms tests as a first step in this connection. Roland Leroy stated that he had visited Bulgaria for the first time 23 years ago and that he has always followed with great interest the

rapid development of the country. He is impressed by the consistency with which the BCP is focusing the country's efforts on solving the problems posed by the scientific-technical revolution. [Text] [Sofia Domestic Service in Bulgarian 2030 GMT 9 Feb 87 AU] /12232

BCP CC DELEGATION FROM LEBANON—The BCP delegation, headed by Yanko Georgiev, member of the BCP Central Committee, returned from Lebanon, after participating in the Fifth Congress of the Lebanese Communist Party. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 10 Feb 87 p 2 AU] /12232

CUBAN DEPUTY CULTURE MINISTER—Hermes Hernandez, Cuban vice minister of culture, [name and title as published] arrived on an official visit in Bulgaria. At Sofia airport he declared to Zina Sokolova, representative of the daily RABOTNICHESKO DELO. "I am coming to your country on the occasion of the signing of a cooperation protocol for the forthcoming 2 years and to prepare a meeting of ministers of culture from socialist countries scheduled to take place in Havana in 1988. For the talks we have prepared proposals and a program on the development of our bilateral relations. This is the second time that I am visiting your country. In my opinion, the development of our future relations can be implemented through an increase in the cultural exchanges between our two countries, particularly in the music sector. I think that Cuba is a good mediator in presenting Latin American film art in socialist countries, as well as in making the socialist countries' cinematographic art popular in South America. In this respect there are still numerous unutilized opportunities which we must develop. [Excerpts] [Sofia RABOTNICHESKO DELO in Bulgarian 11 Feb 87 p 2 AU] /12232

SWISS ENVOY PRESENTS CREDENTIALS—Sofia, 12 February (BTA)—Bulgaro-Swiss relations are undergoing an upgrade development, they are of mutual interest and cover a number of fields, State Council President Todor Zhivkov said today receiving the credentials of the newly appointed ambassador of Switzerland Mr Michael von Schenk. Political contacts are also active, trade and economic relations are deepening and the cultural exchange between the two countries is broadening, he said. At the same time Mr Todor Zhivkov noted the existence of untapped possibilities for which new ways of cooperation should be found. The Bulgarian leader gave a high assessment to Switzerland's policy of constant neutrality and her contribution to strengthening world peace. The new ambassador also stressed the active cooperation between Bulgaria and Switzerland, especially in the economic field. As European states, Bulgaria and Switzerland share the wish to work for improving the atmosphere on our continent within the framework of the CSCE and on the basis of the obligations signed in 1975 in Helsinki. [Text] [Sofia BTA in English 1700 GMT 12 Feb 87 AU] /12232

NETHERLANDS ENVOY PRESENTS CREDENTIALS—Sofia, 12 February (BTA)—Today, receiving the credentials of the newly appointed ambassador of the Netherlands, Mr Vivian Hippolyt Meertens, State Council President Todor Zhivkov expressed satisfaction over the development of Bulgaro-Dutch relations over the past few years. Political contacts have been promoted, trade and economic relations are undergoing a successful development and the volume of exchanged cultural and scientific values has increased. Mr Todor Zhivkov stressed that the cooperation between the two countries is of mutual interest and that it contributes to



consolidating trust and to restoring and promoting the CSCE process of detente. Noting the constant progress of the friendly relations between Bulgaria and the Netherlands, the ambassador expressed the desire of his country to promote the mutually advantageous cooperation in different fields. [Text] [Sofia BTA in English 1638 GMT 12 Feb 87 AU] /12232

PROTOCOL SIGNED IN HARARE—Sofia, 18 January (BTA)—Mr Georgi Karamanov, deputy chairman of the Council of Ministers, returned from Harare today. He headed a Bulgarian delegation to the Third Session of the Bulgaro-Zimbabwean Commission on Economic and Techno-Scientific Cooperation. The protocol signed in Zimbabwe's capital envisages a broadening of trade between the two countries and development of the cooperation in the fields of industry, technologies, transport and building. Bulgaria will assist Zimbabwe in the development of deposits of minerals and in the training of personnel. Documents on the establishment of joint societies in the fields of mining and agriculture were signed together with an intergovernmental agreement on tourism. [Text] [Sofia BTA in English 1746 GMT 19 Jan 87 AU] /12232

PROTOCOL WITH PAKISTAN—Sofia, 20 January (BTA)—In 1987 the barter between Bulgaria and Pakistan will amount to 150 million dollars, this is envisaged in the protocol for exchange of merchandise which was signed here today. Bulgaria will export transformers, electrical substations, electric trucks and hoists. The Bulgarian export list includes also metals, chemicals, medications, artificial fibres. Pakistan will export cotton and different kinds of cotton goods, leather and knitted wear. [Text] [Sofia BTA in English 1854 GMT 20 Jan 87 AU] /12232

ALEKSANDROV RECEIVES MOROCCAN DELEGATION—Sofia, 26 January (BTA)—A working group of the Moroccan Parti du Progres et du Socialisme (PPS) led by Mr Mohamed Moucharik, member of the Politburo and secretary of the CC of the party, visited this country from 20 January through 26 January, at the invitation of the CC of the BCP. Today, Mr Chudomir Aleksandrov, member of the Politburo and secretary of the CC of the BCP, received the guests and familiarized them with the tasks standing before the Bulgarian Communists and the working people at present. He stressed the peaceful and constructive foreign policy led by the BCP and the Government of Bulgaria in interest of the cooperation and friendship between peoples. Mohamed Mousharik informed about the activity of the PPS in defence of the vital interests of the Moroccan working people. The delegation left this country today. [Text] [Sofia BTA in English 1357 GMT 26 Jan 87 AU] /12232

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CSO: 2200/55

## CHARTER 77 PROSPECTS ASSESSED

Paris LE MONDE in French 8 Jan 87 p 1

[Text] Against winds and tides, and faced with a government that is on edge concerning dogmatic certitudes and a society which for the most part opts for individualistic withdrawal, Charter 77 remains the conscience of a Czechoslovakia where time seems to have stood still as of 21 August 1968, when the Soviet tanks rolled into Prague.

On the occasion of the tenth anniversary of its creation, this clandestine organization has launched an appeal exhorting Czechs and Slovaks "to emerge from their state of apathy and surmount their fear," and to denounce "the disorder that reigns in the areas of production, domestic trade, services and the paralyzing bureaucracy."

Prevented by the police from presenting this appeal publicly, and despite several hours of intensive questioning, spokespersons for the Charter intend to make it known nevertheless, through the use of channels that have been patiently put in place for ten years: Each of the thousand signatories is, as it were, a relay station, whether in the capital or the provinces, for this persistent voice of freedom and democracy.

But have they any chance of being heard, in the manner of the clandestine Polish trade union, Solidarity, or indeed like the Hungarian ecologists, whose leaders are constrained to take them seriously? The chief promoters of the Charter are hardly laboring under any delusions themselves, about the immediate significance of their action.

A movement set in motion by intellectuals such as playwright Vaclav Havel or former government officials like Mr Jiri Hajek, who was minister of foreign affairs, the Charter has seeped down only slightly into the deeper levels of society. Its promoters are aware that they will reap a bountiful harvest because of the new attitude of Mr Mikhail Gorbachev towards the Soviet dissidents, in forcing the party to change direction, as it emerges from its systematic opposition to progress and incites the citizens to voice in loud, strong language the criticisms they never cease to formulate in private.

In advocating "national reconciliation" and the renewal of democratic discussion, formerly very much alive in the country, Charter 77 makes much of the

delaying action taken by Czechoslovakia in comparison with the Warsaw-Pact nations that are its neighbors: a Polish-style amnesty that would restore to freedom such political prisoners as the members of the Prague jazz group would see to it that Czechoslovakia no longer remains the "Brezhnevian fossil" of the socialist camp.

Mr Gustav Husak, who according to persistent rumors has left for reasons of health, or his potential successors, would be wrong to zero in on the apparent weakness of the opposition movements. The history of Czechoslovakia has sufficiently shown that after long periods of passivity and fatalism, the people of this country have awakened, showing an incredible capacity to overcome obstacles and to make their national and social aspirations productive.

Over the course of the years, the government born of the Soviet intervention in August 1968 has exchanged a relatively tranquil society for a material well-being that has very few equals in comparable nations.

A country open to the world, whose capital sees hundreds of thousands of tourists arrive in droves every year, Czechoslovakia is not about to forget its geographical and spiritual westernness. Charter 77, circulated abroad by talented immigrants such as writer Milan Kundera, brings back fond recollections of this country to the hearts of Western Europeans. It would be unfortunate to leave this signal unanswered.

CSO: 2900/7

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## BACKGROUND OF NEW WRITERS' TRADE UNION DISCUSSED

Budapest NEPSZAVA in Hungarian 2 Feb 87 p 6

[Article by Gantner: "Writers' Trade-Union Branch Formed"]

[Text] To the professionals scrupulous about formalities, I wish to apologize in advance for having "abridged" in the headline the name of the new trade-union branch which has been formed within the Federation of Artists' Trade Unions (MEZSZ). Specifically Tibor Simo, the [federation's] secretary general, inspired me to use this abridged form. At the statutory meeting on Saturday [31 Jan], he generally kept referring to the trade-union branch of free-lance writers, poets and literary translators—which is quite a mouthful—simply as "the writers' trade-union branch." Furthermore, I felt that this new "section" within the MEZSZ, already its eighth one, would soon be known anyhow as the "writers' trade-union branch," similarly to the horizontal unions of "graphic artists," "actors," and "musicians."

But let us examine the facts.

Amplifying orally on a report at the meeting of the MEZSZ central governing body on 27 October 1986, Secretary General Tibor Simo said that "on the basis of individual applications considered separately in each case, also writers ought to be admitted not only to the Artists' "Vessék" Club of the MEZSZ, but to the MEZSZ itself as well." Speaking of the new trade-union branch, he added: "We have held extensive consultations with the National Council of Trade Unions, and with the horizontal unions concerned. After all, many of the writers, poets and literary translators already belong to the Printers' Union, Teachers' Union, Public Employees' Union, or even the MEZSZ itself."

Soon thereafter [on 3 December], also NEPSZAVA reported the following: "On the initiative of numerous writers, the central governing body of the MEZSZ has decided to establish a trade-union branch of free-lance writers, poets and literary translators. On 29 November 1986, the applicants elected an organizing committee to arrange the holding of a statutory meeting, to nominate candidates for a trade-union committee, and to draft the tasks of the trade-union branch, and its rules of organization and procedure. At its general meeting on 30 November, the Hungarian Writers' Association took cognizance of the trade union's initiative and pledged its support."



After lengthy and extensive preparations (and, we might add, on the basis of the supporting resolution that the National Council of Trade Unions adopted), the trade-union branch of free-lance writers, poets and literary translators held its statutory meeting on Saturday, 31 January. After welcoming the participants, MSZSZ Secretary General Tibor Simo provided detailed information about the organizing committee's work and the most important objectives of the new trade-union branch. Next, the attending writers, poets, literary translators, and critics adopted a unanimous resolution which states in part: "On 31 January 1987, within the Federation of Artists' Trade Unions, 111 applicants formed the trade-union branch of free-lance writers, poets and literary translators, which intends to operate according to the Hungarian trade-union bylaws and the MSZSZ rules of organization and procedure. Any free-lance writer, poet or literary translator who subscribes to the objectives of the Hungarian trade-union movement can be a member of the trade-union branch."

Then the officers of the trade-union were elected by ballot (and an absolute majority). The writer Erzsebet Galgoczi became the trade-union committee's chairwoman. The poet Katalin Mezey was elected the committee's secretary. Its members are: Matyas Domokos, Arpad Concs, Istvan Agh, Gesa Vasy, and Peter Foldes. The members of the auditing committee are: Laszlo Gyori, Sandor Kende and Peter Szentmihalyi Szabo.

The membership meeting instructed the committee to draft the trade-union branch's program, prepare its work schedule, identify the timely tasks of trade-union representation and in the safeguarding of interests, and elaborate the procedures for the admission of members.

After Erzsebet Galgoczi's "inaugural address" and a speech by Gyula Fekete (who greeted the new trade-union branch on behalf of the Writers' Association), Secretary General Tibor Simo declared the meeting closed.

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CSO: 2500/193

## 1975 POLITICAL-ADMINISTRATIVE REFORMS CRITIQUED

Krakow DZIENNIK POLSKI in Polish 18 Aug 86 p 3

[Article by Maciej Sabatowicz: "Settling Accounts with the 1975 Reform;" passages in slantlines printed in boldface]

[Text] In completing a series of articles on the issues of guinas in Poland, I would like to evaluate the administrative reform in our country, currently in its 11th year of existence. The 1975 reform did not receive much praise, for the most part because it was hardly a fortunate endeavor. Most frequently the critics stressed the operation of new provinces, which are not always able to cope with their tasks, and the lot of old centers which were severely cut down in size many a time. On the other hand, there were few attempts to evaluate changes in administrative division from the point of view of former powiat seats and guinas remaining "on the field of battle." The elimination of an intermediate level between the province and the guina gave rise to much emotions in the initial years after the changes were made were quite understandable. At present, we can get a more objective picture of these emotions with more hindsight. Let us try to draw up the negative and positive aspects of the reform of 1975.

#### Negative Aspects

1. /Entire regions of our country were cut off from the traditional provincial centers./ The newly established centers were not in a position to substitute for multifaceted links shaped in a long historic process. This is obvious in our region where Krakow has played and still plays the leading role, especially as a scientific, cultural, health care, industrial and communications center.
2. /The unexpected imposition of the administrative reform from the top/ was a negative aspect, which, to be sure, petered out over time. Powiats were eliminated and provincial boundaries changed literally overnight. In the opinion of the reform proponents, the fact that dragging it out would set in motion defense measures in the provinces which would sink the reform, was the argument in favor of introducing it in this fashion. However, this is demagoguery. Such tactics resulted in thousands of disrupted careers and lives of powiat-level functionaries. It is very difficult to quantify the

the human cost of the reform, but it must have been tremendous, since the resentment is still so great 11 years later.

3. /The collapse of powiat development programs./ All investment projects financed from powiat budgets were halted and revised. Many of them were not resumed thereafter. This brought about unjustified losses at a time when the economic situation in the country was not the worst, and carrying on the projects was possible. I believe that shifting the [allocation of] funds from lower levels to the top bore fruit in the late 1970s through the flowering of megalomania, which resulted in tremendous economic losses.

4. At first, the administrative reform looked promising from the gmina level. /Due to the grant of broad authority, gminas were to become mini-powiaty./ Actually, neither 10 years ago nor at present or in the immediate future can the gminas shoulder the burden of such authority (I dwelled upon that in the third installment of the series).

5. /The equalization of gmina budgets hit the powiat seats and small towns particularly hard./ The problems these settlements experienced in communal economy make it obvious. This is the reason for neglect of many small towns which used to have relatively more funds at their disposal and thus a better appearance (e.g., Limanowa or Piwniczna).

6. After the elimination of the intermediate level, /the supremacy of the provincial seat over outlying areas became practically absolute./ The distance between the province and the gmina is too great for the latter to get through with its own plans and projects. The strong partner the province had in the powiaty has disappeared; in their turn, the gminas play the part of a docile petitioner. To be sure, there are several exceptions to this rule. Centers such as Debica in Tarnow province or Nowy Targ, Zakopane and Gorlice in Nowy Sacz province have functions and clout transcending those of an average gmina. However, there is the other side of the coin as well.

#### Positive Aspects

1. /Radical destruction of powiat cliques/ was the first positive aspect in some powiaty. This was a brutal operation, but at times it had a cleansing effect on the community.

2. While introducing the reform, central authorities argued that due to it, /decisionmaking will get closer to the citizen/ because the individual interested would take care of all important matters in the gmina, the province being only the level handling appeals. In part, this has come true and it has been a favorable development. This, however, was more far-flung than just the arrangement for contacts between the citizen and gmina administration.

3. Now we have come to the third and most significant positive aspect. As a result of the increased authority of basic units, /the development of rural areas has been speeded up./ These areas in the powiat-dominated Poland were



sort of forgotten and, in any event, seriously neglected. The funds were concentrated in powiat seats, and only a slow trickle went to the bottom. Now, the equalization of budgets, which hit former powiat seats so hard, has created an opportunity for the most neglected parts of the provinces to catch up. Many typically rural gminas are taking advantage of it.

4. Increased authority of the gminas, including self-government, promoted /greater involvement of local communities/. To be sure, this is not the result (and not even mainly the result) of administrative changes. However, we can note a certain positive influence of the elimination of the intermediate level.

#### Conclusion

Certainly, this enumeration of positives and negatives is not all-inclusive but rather points out the complicated consequences of the administrative reform of 1975. To be sure, the negatives outweigh the positives. However, it would be difficult to dream about "dismantling" the reform 11 years later. This is not to say that it cannot be improved. Changing the boundaries of provinces is discussed most frequently. The rumor mill has it that some provinces are scheduled to be eliminated. These are well-known matters, so I will not dwell on them.

Instead, I will mention a different suggestion put forward by socio-political functionaries at the gmina level. Inasmuch as nobody has illusions that a return to the powiats in their old form is possible, there is a genuine need to set up a clear-cut intermediate structure for handling several matters which the gminas cannot cope with. This is especially the case with building code enforcement. The gminas of Poland have been dotted over the last decade by thousands of unauthorized structures. Technically, there is an opportunity to dismantle them. Actually, everything ends up in fines and collegium [resolutions]. Recently, I asked a gmina supervisor why he would not enforce the building code and have an illegal building dismantled. The answer was terse: "I want to live. I live here with my family and I am afraid, because the vengeance of man knows no limits."

The problem should be solved by the higher echelon in a situation when fear has been struck into the hearts of the representatives of authorities, especially in the lower echelon, following the notorious Zakopane affair. The provincial seat is far away; so, it could be some intermediate echelon, such as is the case in the court and health care systems (district court and the ZOZ [health care team]) and some other operations. However, chaos rules supreme in this matter. Notary public, the court, the GS [gmina warehouse] and so on for the same gmina are all in different locations. Given poor transportation, this makes people unhappy. These structures should be standardized. We should not fear the concentration of functions in the former powiat seats. Moreover, this does not change the existing structure in and of itself.



More suggestions on improving the reform of 1975 are coming up. I believe that this could be an interesting topic for discussion, to which the present article is an invitation. In any event, I believe that we should take a kinder view of this unwanted child from 11 years ago and do everything for it to grow beautiful and live an enlightened and affluent life. There is an opportunity to do that.

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